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# HEALTH PROFESSIONS TRAINING ASSISTANCE ACT OF 1985

JULY 15, 1985.—Ordered to be printed

Mr. HATCH, from the Committee on Labor and Human Resources, submitted the following

## REPORT

[To accompany S. 1283]

The Committee on Labor and Human Resources, to which was referred the bill (S. 1283), to amend title VII of the Public Health Service Act, relating to health professions training assistance, having considered the same, reports favorably thereon with amendments and recommends that the bill (as amended) do pass.

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## I. SUMMARY OF THE BILL

The Committee's bill extends for three fiscal years health professions education programs contained in title VII of the Public Health Service Act.

The Committee's bill also revises these programs as follows:

*Schools of chiropractic.*—The Committee's bill makes schools of chiropractic eligible for grants and contracts authorized under section 787 for assisting individuals from disadvantaged backgrounds to undertake health professions education.

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*Training of physician assistants.*—The Committee's bill amends the definition of programs for the training of physician assistants to require that such programs focus on primary care. The amended definition requires: (1) that individuals be qualified to competently provide primary health care under the supervision of a physician; and (2) that programs train students in primary care, disease prevention, health promotion, geriatric medicine, and home health care.

*Schools of allied health.*—The Committee's bill amends the definition of schools of allied health to include colleges, with junior colleges and universities, which provide programs of education to enable individuals to become allied health professionals or to provide additional training for allied health professionals. The bill also adds a definition for allied health professionals and defines these as individuals: (1) who receive a certificate, an associate's degree, a bachelor's degree, a master's degree, a doctoral degree, or post-baccalaureate training in a science relating to health care; and (2) who have responsibility for the delivery of health care services or related services, including services relating to the identification, evaluation, and prevention of diseases and disorders; dietary and nutrition services; health promotion services; rehabilitation services, or health systems management services. In addition, the bill includes schools of allied health among those institutions eligible for membership on the National Advisory Council on Health Professions Education.

*Graduate programs in clinical psychology.*—The Committee's bill makes graduate programs in clinical psychology eligible for grants and contracts authorized under section 787 for assisting individuals from disadvantaged backgrounds to undertake health professions education.

*Health professions data.*—The Committee's bill repeals the requirement for schools, programs, or training centers receiving assistance under title VII (health professions education) or title VIII (nurse training) to submit annual reports which contain information necessary for the Secretary to carry out his responsibilities for health professions data analysis and to evaluate the effectiveness of these programs in addressing national health priorities.

*Health education assistance loan (HEAL) program.*—The Committee's bill amends the HEAL program to: (1) require eligible students to register for the draft to be able to receive HEAL loans; (2) require beginning repayment after the fourth year of residency training; (3) permit deferrals of repayment for only four years of a residency; (4) allow deferrals for two years of fellowship training; (5) disallow deferrals that would extend the total repayment period beyond 33 years; (6) allow the minimum annual repayment to be less than the annual interest on the outstanding principal; (7) lower the maximum interest to 3 percent above the last quarter's average rate for 91-day Treasury bill; (8) increase the insurance premium for guaranteeing loans to a maximum of 4 percent of the unpaid principal, to be paid by the student in advance, and limit the Secretary's ability to increase this premium; (9) allow the Secretary to use insurance funds for collection costs; (10) make allied health professions graduate students eligible for up to $12,500 from HEAL per year; and (11) provide that if the principal amounts

guaranteed are less than the year's allowed ceiling, the difference is carried over to the next fiscal year, without decreasing the total new principal that may be guaranteed.

*Health professions student loan (HPSL) program.*—The Committee's bill specifies procedures for appeal of the termination of loan funds by the Secretary. The bill also amends the Internal Revenue Code to authorize the Secretary of the Treasury to disclose to the Secretary of HHS the address of those persons who have defaulted on HPSL or HEAL loans and allows the Secretary of HHS to disclose this information to schools and HEAL lenders to assist them in the collection of defaulted loans. In addition, the bill requires that loan default formulas be calculated parallel to the formulas currently in use for the National Direct Student Loan program.

*Scholarships for first-year students of exceptional financial need.*—The Committee's bill amends the authority for exceptional financial need (EFN) scholarships to include specifications for the amount of scholarships. EFN scholarships would include tuition, all other reasonable educational expenses (including fees, books, and laboratory expenses), and a stipend adjusted annually by the same percentage increase authorized for rates of pay under the General Schedule. The total scholarship award could not exceed the cost determined by the school to be necessary for attending.

*Capitation grants for schools of public health.*—The Committee bill amends the capitation grants section of title VII to authorize capitation grants for schools of public health only. Schools would receive an amount equal to the product of $1,400 and the sum of the number of full-time and full-time equivalent students. To be eligible for capitation grants, schools of public health would be required to provide assurances that: (1) the first-year enrollment of full-time students in the school year which begins in the fiscal year in which a grant is made will not be less than the first-year enrollment of full-time students in the school year beginning in fiscal year 1976; and (2) the school will expend from non-Federal sources an amount as great as that expended in the fiscal year preceding the year in which a grant is made. The bill authorizes $5 million for capitation grants to schools of public health for each of fiscal years 1985 through 1988.

*Area health education centers.*—The Committee's bill amends the area health education center (AHEC) program to allow regional AHECs which previously received assistance to continue to be eligible for contract assistance. In addition the bill repeals the requirement for medical or osteopathic schools participating in an AHEC to provide training for physician assistants or nurse practitioners but requires AHECs themselves to conduct interdisciplinary training and practice involving physicians and other health personnel, including where practicable physician assistants and nurse practitioners. The bill also authorizes the Secretary to waive the requirements for schools to provide not less than 10 percent of all undergraduate clinical education in an AHEC and at locations under the sponsorship of the center.

*Training in general dentistry.*—The Committee's bill amends the authority for training in family medicine and general practice of dentistry to add eligibility for approved advanced educational programs in the general practice of dentistry, thereby recognizing non-

hospital based training programs. The bill also requires the Secretary to obligate not less than 8 percent of appropriations for training in the general practice of dentistry.

*Special projects.*—The Committee's bill revises the list of curriculum development special projects which may be supported with grants and contracts under section 788(b). Under the revised authority, grants and contracts may be awarded to any health profession, allied health profession, or nurse training institution, or any other public or nonprofit private entity for projects to provide curriculum development and faculty training in areas such as: (1) geriatric care and long-term care; (2) health promotion and disease prevention; (3) the promotion of economy in health professions teaching, health care practice, and health care systems management; (4) the development of initiatives for assuring the competence of health professionals; (5) curriculum development in clinical nutrition; and (6) large animal care and animal research.

Of amounts available for these grants and contracts, at least 75 percent would be required to be awarded to health professions institutions, allied health institutions, and nurse training institutions. Not more than 25 percent would be available to public and nonprofit entities which are not health professions, allied health, or nurse training institutions. Applications for projects supported under the revised authority would be subject to appropriate peer review by groups composed principally of non-Federal experts. The Secretary could not approve applications unless he had received recommendations from the appropriate peer review group and from the National Advisory Council on Health Professions Education.

*Advanced financial distress assistance.*—The bill revises the advanced financial distress assistance authority to allow schools to receive support for six years rather than five.

*Graduate programs in health administration.*—The Committee's bill revises the requirements which graduate programs in health administration must meet in order to receive grants. Specifically, the bill provides an exception to the requirement that at least 25 individuals must complete the graduate programs of the entity during the school year when a grant is received, and reduces this number to 20 when the number of minority students enrolled in the graduate educational programs of the entity exceeds 45 percent of the total number of students enrolled.

*Analysis of financial disincentives to career choices in health professions.*—The bill requires that the Secretary include in a report, which must be submitted by October 1, 1986, an analysis of any financial disincentives which affect the specialty choice and geographic practice location of health professionals graduates. The Secretary would also be required to make any recommendations for legislation and administrative action, including the appropriateness of providing financial assistance, which might correct and mitigate these disincentives.

## II. Background and Need for Legislation

Title VII of the Public Health Service Act has provided Federal support for health professions education at schools of medicine, osteopathy, dentistry, veterinary medicine, optometry, podiatry, pharmacy, public health, allied health, and for programs of health care administration. The authority has provided basically two kinds of assistance—institutional support for health professions

schools as well as student assistance in the form of loans, loan guarantees, and scholarships for students enrolled at these schools.

For the past several years, observers have noted the success which these programs have had in accomplishing their original intent—in increasing enrollments at health professions schools, in increasing the supply of health professionals providing care in the Nation, and in improving the geographic distribution of health personnel throughout the country. A number of studies have examined the increasing supply of physicians and other health professionals. For example, in September 1980, the Department of Health and Human Services-Chartered Graduate Medical Education National Advisory Committee (GMENAC) issued its findings on the supply and requirements for physicians in the 1990s. GMENAC has estimated that by 1990 there would be a surplus of 70,000 physicians in the country, and by the year 2000, this surplus would increase to 145,000.

In addition, three studies published by the Rand Corporation have documented changes in the geographic distribution of physicians. The first of these studies looked at the diffusion of board-certified physicians between 1960 and 1977. This 1980 study found that in 1977, more than 70 percent of communities with 20,000 to 30,000 inhabitants had a full complement of five different board certified specialities; in 1960 less than a third of these communities had all five. A follow-up study, published in 1982 to determine whether the results of the first study had been influenced by considering only board-certified physicians, found that among 23 States surveyed, there were virtually no towns with a population of 2,500 or more that do not have ready geographic access to a physician. A third paper published by the Rand group in 1983 reinforces these conclusions by demonstrating that the distance that rural residents must travel to see a physcian of a particular type has declined over time.

Data and findings such as these have allowed Congress to target Federal support on specific problems of continuing concern. The Committee's bill continues and refines the policy of targeting support and reauthorizes, with amendment, title VII special project and student assistance programs.

## III. History of S. 1283

A bill, S. 1283, to revise and extend provisions of the Public Health Service Act relating to health professions educational assistance, was introduced by Senator Hatch on June 12, 1985, and was referred to the Committee on Labor and Human Resources. Based on hearings held in the 98th Congress, the Committee did not believe additional hearings were needed. Legislation of the 98th Congress was redrafted pursuant to Administration recommendations and to achieve Committee consensus. The bill was reported on June 27, 1985.

## IV. Committee Views

This legislation authorizes what the Committee believes is a necessary, albeit limited, role for the federal government in training health professionals. During the last Congress, the Labor and

Human Resources Committee carefully evaluated health manpower needs through hearings, and prepared legislation designed to address the identified needs. S. 2559, the "Health Professions Training Assistance Amendments of 1984," was approved by the Committee, passed by the Senate, and conferenced successfully with the House of Representatives as part of a group of Public Health Service (PHS) bills (S. 2574). After this legislation passed Congress, it was pocket vetoed by the President. A Memorandum of Disapproval dated October 30, 1985, cited several concerns with the legislation, including: (a) authorization levels in excess of those recommended by the Administration; (b) persistence of "obsolete federal subsidies to health professions students and maintaining the static and rigid categorical framework to deliver such aid;" and (c) the fact that the "nation as a whole is facing a future surplus of physicians and nurses." The Committee recognizes that the total budget of S. 2574, which represented five separate PHS authorizing bills, was significantly over the level recommended by the Administration; this was a legitimate reason for veto, based on public concern about federal spending. However, other reasons cited for the veto do not seem reasonable or accurate. The health professions training act as passed in 1984 did not maintain "obsolete programs" referred to in the Memorandum of Disapproval. In fact, several provisions of Title VII of the PHS Act were repealed. Furthermore, the authorization level was significantly reduced over that in existing law, and other sections were rewritten to focus on current national health priorities. For example, in Section 788, which authorizes "special projects" (curriculum development and faculty training), there was a reduction from over "20 priorities" that had been identified over the years to only 5 priorities. Also, nothing in the legislation as approved last year, nor anything in this legislation, encourages the training of increasing numbers of physicians or other health professionals. In fact, in two general areas—student aid and primary care training—the legislation simply maintains support.

The Committee believes that student assistance in the health professions is an ongoing and important role for the federal government. Particularly, it is important that the government continue to provide an opportunity for a career in one of the health professions for minority and economically disadvantaged students. To accomplish this, the student loan programs are continued, and the Educational Assistance to Individuals from Disadvantaged Backgrounds program was amended to allow funds to be given directly for student stipends. Without these kinds of programs, qualified young people are excluded from any chance of a career in health, given the increasing costs of education in health professions schools.

The Committee also believes that ongoing support to encourage training in one of the primary care specialties is important. One of the few types of health professionals still identified as being in short supply is the family physicians or the primary care internist and the pediatrician. Reimbursement policies tend to favor the subspecialty providers, and until changes which are currently underway are implemented, federal support for these residency programs is essential.

In summary, the Committee believes that this legislation, which reauthorizes a modified and limited version of Title VII of the PHS Act, is in the best interest of our citizens.

## CHANGES IN EXISTING LAW

This legislation is significantly different from Title VII of the PHS Act in that several obsolete and redundant provisions are repealed. Furthermore, the overall authorization level was significantly reduced, reflecting different needs and a role for the federal government more limited than it was when these programs were initially authorized. In addition, there is an overall effort to focus these programs on disadvantaged students and maintain efforts to recruit and encourage minority students to choose a career in one of the health professions. To do this, the following changes were included: (a) the disadvantaged assistance program was amended to allow use of funds "not less than 25% and not greater than 35%" for stipends directly to disadvantaged students; (b) the health professions student loan program was amended to require that loans be given only to students with demonstrated financial need; (c) the extreme financial need scholarship was authorized at a moderately increased level (the Committee believes that students under this program should be given priority for National Health Service Corps scholarships although this is not to be considered a requirement).

S. 1283 establishes new authority for the use of funds for stipends for students who meet the exceptional financial need criteria set forth by the Secretary pursuant to Section 758 of the PHS Act. The Committee accepted an amendment by Senator Dan Quayle to this section of the bill, which changes the provision to require that a minimum of 25% of these funds be used for this purpose. (The maximum amount of the appropriation that may be expended on such stipends is 35%.)

This modification to current law resulted from Committee concern that comparatively more Federal funds are being directed to institutions than to needy students. The Committee believes that, in light of increasing tuition costs and limited Federal resources, a new direction is needed and that it is appropriate to target a portion of the funds under this program directly to students in serious financial need. The amendment also struck language which would have permitted the use of such stipend funds for travel and the support of dependents because the Committee felt strongly that the financial needs of students demanded that the first priority be placed on the students themselves.

It is the Committee's intent that the dollars set aside under this program be utilized to assist those students who meet the Secretary's definition of exceptional financial need. However, unlike the EFN Scholarship Program these funds are not to be restricted to students in their first year of health professions education but are to be used for students in all years of health professions education. It is the Committee's intention that the stipends authorized under this program be awarded only to assist students while in attendance at a health professions school for the purpose of meeting the costs of their tuition and living expenses. The Committee expects

the Secretary to award such stipends to needy students in amounts no greater than $10,000 per student per year.

Authorizations of appropriations set out in the introduced bill were increased by a revision offered by Senator Lowell Weicker, to maintain programs at 1985 appropriation levels. The Committee shares Senator Weicker's concerns that these programs improve education, training, and distribution of our nation's health personnel and emphasize activities that benefit minority and disadvantaged students. This results in ensuring efficient and comprehensive delivery of health care through a broad spectrum of American citizens. Furthermore, Senator Weicker wished to emphasize that money authorized for Special Projects (Section 788 of the Public Health Service Act) may be used for geriatric education initiatives. The Committee expects that funding for geriatric programs will receive the highest priority.

In addition, the health professions student loan program provisions were changed by Senator Simon to ensure that the Administration's regulations define default parallel to the definitions currently used in the National Direct Student Loan Program. This will ease school's administrative burdens by allowing them to use the same system for computing the delinquency rate for all federal direct student loan programs. The amendment will result in a more equitable measure of delinquency, counting loans in default after at least 120 days and giving schools credit for successful loan collections. The Committee continues to believe strongly that schools must do everything possible to collect student loans and urges schools to continue to improve their loan collection efforts. Finally, the Committee believes that the delinquency formula defined in this bill provides a loan default formula which is as equitable and reasonable as the loan collection performance standards which it is designed to measure.

The Committee also included a new authority to give the Secretary an opportunity to waive "recovery" under section 720 of Title VII of the PHS Act. This was designed to meet current needs of St. Joseph's Hospital, affiliated with Creighton University in Omaha, Nebraska. However, this waiver was not intended to release them from obligations, incurred when these grant monies were originally obtained, to deliver indigent care and conduct educational programs. These obligations should be considered carefully before the Secretary grants any waiver of recovery.

The new subsection 788(f)(3) authorizes grants and contracts for projects related to large-animal care and animal research. The Committee intends that grants under this subsection will be focused on faculty development projects or programs at schools and colleges of veterinary medicine. The Committee intends that grants pursuant to this subsection will be used to support training programs in one or more veterinary specialties and will provide support for the trainees.

Veterinary education has grown over the past two decades to an extent that far exceeds the experience of the other health professions. The number of veterinary schools in the United States has increased from 18 to 27, and there has been a 150 percent growth in the annual enrollment of veterinary students since 1960. The effect of this growth spurt has been to spread a small number of

highly trained veterinary educators among the relatively large number of schools. As these older teachers approach retirement age, there is great need to train their replacements. The Committee has identified two areas of veterinary medicine where the public health and human health care effects of the shortages are particularly significant.

The emphasis on "large animal care" is based on the premise that well-trained veterinary specialists are essential to our research and public health programs. Furthermore, the Committee recognizes that it is necessary to expand the scientific knowledge and training capacity required to improve productivity in the food and fiber animal industries.

The subsection also refers to projects in faculty development related to animal research. The need here focuses primarily on the critical role played by specialty-trained veterinarians in biomedical research.

Fields such as veterinary radiology, veterinary pathology, veterinary toxicology, veterinary pharmacology, veterinary physiology, veterinary parasitology, veterinary ophthalmology, food animal surgery, food animal medicine, and veterinary anesthesiology are all essential to the nation's large animal care and animal research effort and all of these disciplines are in such short supply that veterinary schools have extreme difficulty in filling vacancies on the faculties for veterinarians with the requisite training.

Research to address these problems is being held back by the lack of trained personnel. The first need is to increase the numbers of trained educators in the veterinary schools who can produce a new generation of veterinary scientists.

The shortage of specialty-trained veterinarians is a national problem of substantial scope. The Committee believes that the Federal Government should recognize the importance of post-DVM training, setting an example for the state governments and private sources which must also contribute to eliminating these shortages.

The Committee has learned of an effort by the private sector to encourage funding medical education for students willing to serve in medically underserved areas, through having the residents of such communities pay for the education. This proposal has not yet been tested, but the Committee believes it would be worth an investment on the part of the Administration to determine if this is a feasible option.

## V. Text of S. 1283 as Reported

**A BILL To amend title VII of the Public Health Service Act, relating to health professions training assistance**

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That this Act may be cited as the "Health Professions Training Assistance Act of 1985".

### REFERENCE

SEC. 2. Except as otherwise specifically provided, whenever in this Act an amendment or repeal is expressed in terms of an amendment to, or a repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Public Health Service Act.

# TITLE I—AUTHORIZATIONS OF APPROPRIATIONS

### SCOPE AND DURATION OF FEDERAL LOAN INSURANCE PROGRAM

SEC. 101. (a) The first sentence of section 728(a) is amended by striking out "and" after "1983;" and by inserting before the period a semicolon and "$250,000,000 for the fiscal year ending September 30, 1985; $275,000,000 for the fiscal year ending September 30, 1986; $290,000,000 for the fiscal year ending September 30, 1987; and $300,000,000 for the fiscal year ending September 30, 1988".

(b) The second sentence of such section is amended by striking out "1987," and inserting in lieu thereof "1991,".

### SCHOLARSHIPS FOR STUDENTS OF EXCEPTIONAL FINANCIAL NEED

SEC. 102. Section 758(d) is amended by striking out "and" after "1983," and by inserting before the period a comma and "$7,000,000 for the fiscal year ending September 30, 1986, $7,000,000 for the fiscal year ending September 30, 1987, and $7,000,000 for the fiscal year ending September 30, 1988".

### DEPARTMENTS OF FAMILY MEDICINE

SEC. 103. Section 780(c) is amended by striking out "and" after "1983," and by inserting a comma and [**"$5,000,000**] *"$7,500,000* for the fiscal year ending September 30, 1986, [**$5,000,000**] *$7,500,000* for the fiscal year ending September 30, 1987, and [**$5,000,000**] *$7,500,000* for the fiscal year ending September 30, 1988" after "1984".

### AREA HEALTH EDUCATION CENTERS

SEC. 104. The first sentence of section 781(g) is amended by striking out "and" after "1983," and by inserting before the period a comma and "$18,000,000 for the fiscal year ending September 30, 1986, $18,000,000 for the fiscal year ending September 30, 1987, and $18,000,000 for the fiscal year ending September 30, 1988".

### PHYSICIAN ASSISTANTS

SEC. 105. Section 783(d) is amended by striking out "and" after "1983," and by inserting before the period a comma and [**"$4,000,000**] *"$4,800,000* for the fiscal year ending September 30, 1986, [**$4,000,000**] *$4,800,000* for the fiscal year ending September 30, 1987, and [**$4,000,000**] *$4,800,000* for the fiscal year ending September 30, 1988".

### GENERAL INTERNAL MEDICINE AND GENERAL PEDIATRICS

SEC. 106. Section 784(b) is amended by striking out "and" after "1983," and by inserting before the period a comma and [**"$18,000,000**] *"$18,500,000* for the fiscal year ending September 30, 1986, [**$18,000,000**] *$18,500,000* for the fiscal year ending September 30, 1987, and [**$18,000,000**] *$18,500,000* for the fiscal year ending September 30, 1988".

FAMILY MEDICINE AND GENERAL PRACTICE OF DENTISTRY

SEC. 107. (a) The first sentence of section 786(c) is amended by striking out "and" after "1983," and by inserting before the period a comma and "$36,000,000 for the fiscal year ending September 30, 1986, $36,000,000 for the fiscal year ending September 30, 1987, and $36,000,000 for the fiscal year ending September 30, 1988".

(b) The second sentence of such section is amended by striking out "and" after "1983," and by inserting "September 30, 1986, September 30, 1987, and September 30, 1988," after "1984,".

EDUCATIONAL ASSISTANCE TO INDIVIDUALS FROM DISADVANTAGED BACKGROUNDS

SEC. 108. The first sentence of section 787(b) is amended by striking out "and" after "1983," and by inserting before the period a comma and [$20,000,000] *$24,000,000* for the fiscal year ending September 30, 1986, [$20,000,000] *$24,000,000* for the fiscal year ending September 30, 1987, and [$20,000,000] *$24,000,000* for the fiscal year ending September 30, 1988".

CURRICULUM DEVELOPMENT AND FACULTY TRAINING GRANTS

SEC. 109. Section 788(f) is amended by striking out "and" after "1983;" and by inserting before the period a semicolon and ["$4,000,000] *$8,000,000* for the fiscal year ending September 30, 1986; [$4,000,000] *$8,000,000* for the fiscal year ending September 30, 1987; and [$4,000,000] *$8,000,000* for the fiscal year ending September 30, 1988".

ADVANCED FINANCIAL DISTRESS ASSISTANCE

SEC. 110. The first sentence of section 788B(h) is amended by inserting before the period a comma and ["$4,000,000] *$5,600,000* for the fiscal year ending September 30, 1986, and [$4,000,000] *$5,600,000* for the fiscal year ending September 30, 1987".

GRADUATE PROGRAMS IN HEALTH ADMINISTRATION

SEC. 111. Section 791(d) is amended by striking out "and" after "1983," and by inserting before the period a comma and "$1,500,000 for the fiscal year ending September 30, 1986, $1,500,000 for the fiscal year ending September 30, 1987, and $1,500,000 for the fiscal year ending September 30, 1988".

TRAINEESHIPS FOR STUDENTS IN OTHER GRADUATE PROGRAMS

SEC. 112. Section 791A(c) is amended by striking out "and" after "1980;" and by inserting before the period a semicolon and "and $500,000 for the fiscal year ending September 30, 1986, and each of the next two fiscal years".

PUBLIC HEALTH TRAINEESHIPS

SEC. 113. Section 792(c) is amended by striking out "and" after "1983;" and by inserting before the period a semicolon and "$3,000,000 for the fiscal year ending September 30, 1986; $3,000,000 for the fiscal year ending September 30, 1987; and $3,000,000 for the fiscal year ending September 30, 1988".

TRAINING IN PREVENTIVE MEDICINE

SEC. 114. Section 793(c) is amended by striking out "and" after "1983," and by inserting before the period a comma and "$1,600,000 for the fiscal year ending September 30, 1986, $1,600,000 for the fiscal year ending September 30, 1987, and $1,600,000 for the fiscal year ending September 30, 1988".

## TITLE II—PROGRAM REVISIONS

SCHOOLS OF CHIROPRACTIC

SEC. 201. (a) Section 701(4) is amended—

(1) by striking out "and" after " 'school of veterinary medicine',";

(2) by inserting a comma and "and 'school of chiropractic' " after " 'school of public health' ";

(3) by striking out "and" after "a degree of doctor of veterinary medicine or an equivalent degree,"; and

(4) by inserting "and a degree of doctor of chiropractic or an equivalent degree," before "and including advanced training related to".

(b) Section 701(5) is amended—

(1) by striking out "or" after "pharmacy,"; and

(2) by inserting "or chiropractic," after "public health,".

(c) Section 737 is amended by striking out paragraph (2) and by redesignating paragraphs (3), (4), and (5) as paragraphs (2), (3), and (4), respectively.

TRAINING OF PHYSICIAN ASSISTANTS

SEC. 202. Section 701(8) is amended to read as follows:

"(8)(A) The term 'program for the training of physician assistants' means an educational program which (i) has as its objective the education of individuals who will, upon completion of their studies in the program, be qualified to provide primary health care under the supervision of a physician, and (ii) meets regulations prescribed by the Secretary in accordance with subparagraph (B).

"(B) After consultation with appropriate organizations, the Secretary shall, not later than October 1, 1986, prescribe regulations for programs for the training of physician assistants. Such regulations shall, as a minimum, require that such a program—

"(i) extend for at least one academic year and consist of—

"(I) supervised clinical practice, and

"(II) at least four months (in the aggregate) of classroom instruction,

directed toward preparing students to deliver health care;

"(ii) have an enrollment of not less than eight students; and

"(iii) train students in primary care, disease prevention, health promotion, geriatric medicine, and home health care.".

SCHOOLS OF ALLIED HEALTH

SEC. 203. (a) Section 701(10) is amended—

(1) by inserting "college," before "junior college,"; and

(2) by striking out "in a discipline of allied health leading to a baccalaureate or associate degree (or an equivalent degree of either) or to a more advanced degree" in subparagraph (A) and inserting in lieu thereof "to enable individuals to become allied health professionals or to provide additional training for allied health professionals".

(b) Section 701 is amended by adding at the end thereof the following new paragraph:

"(13) The term 'allied health professional' means an individual—

"(A) who has received a certificate, an associate's degree, a bachelor's degree, a masters' degree, a doctoral degree, or postbaccalaureate training, in a science relating to health care;

"(B) who has responsibility for the delivery of health care services or related services, including—

"(i) services relating to the identification, evaluation, and prevention of diseases and disorders;

"(ii) dietary and nutrition services;

"(iii) health promotion services;

"(iv) rehabilitation services; or

"(v) health systems management services; and

"(C) who has not received a degree of doctor of medicine, a degree of doctor of osteopathy, a degree of doctor of dentistry or an equivalent degree, a degree of doctor of veterinary medicine or an equivalent degree, a degree of doctor of optometry or an equivalent degree, a degree of doctor of podiatry or an equivalent degree, a degree of bachelor of science in pharmacy or an equivalent degree, a degree of doctor of pharmacy or an equivalent degree, a graduate degree in public health or an equivalent degree, a degree of doctor of chiropractic or an equivalent degree, a graduate degree in health administration or an equivalent degree, or a doctoral degree in clinical psychology or an equivalent degree.".

GRADUATE PROGRAMS IN CLINICAL PSYCHOLOGY

SEC. 204. (a) Section 701 (as amended by section 203(b) of this Act) is further amended by adding at the end thereof the following new paragraph:

"(14) The term 'graduate program in clinical psychology' means an accredited graduate program in a public or nonprofit private institution in a State which provides training leading to a doctoral degree in clinical psychology or an equivalent degree.".

(b) Section 701(5) (as amended by section 201(b) of this Act) is further amended—

(1) by striking out "or" after "chiropractic,"; and

(2) by inserting "or a graduate program in clinical psychology," after "health administration,".

(c) Section 737 (as amended by section 201(c) of this Act) is further amended by striking out paragraph (2) (as redesignated by section 201(c) of this Act) and by redesignating paragraphs (3) and (4) (as redesignated by section 201(c) of this Act) as paragraphs (2) and (3), respectively.

NATIONAL ADVISORY COUNCIL ON HEALTH PROFESSIONS EDUCATION

SEC. 205. (a) Section 702(a) is amended by striking out the last sentence and inserting in lieu thereof the following: "Of the appointed members of the Council—

"(1) twelve shall be representatives of the health professions schools assisted under programs authorized under this title, including—

"(A) one representative of each of schools of veterinary medicine, optometry, pharmacy, podiatry, public health, and allied health, and graduate programs in health administration; and

"(B) at least six persons experienced in university administration, at least one of whom shall be a representative of a school described in subparagraph (A);

"(2) two shall be full-time students enrolled in health professions schools; and

"(3) six shall be members of the general public.".

TECHNICAL ASSISTANCE

SEC. 206. Section 709(d) is amended to read as follows:

"(d) Funds appropriated under this title may be used by the Secretary to provide technical assistance in relation to any of the authorities under this title.".

RECOVERY OF ASSISTANCE

SEC. 207. (a) Section 723 is amended to read as follows:

"RECOVERY

"SEC. 723. (a) If at any time within twenty years (or within such shorter period as the Secretary may prescribe by regulation for an interim facility) after the completion of construction of a facility with respect to which funds have been paid under section 720(a)—

"(1)(A) in case of a facility which was an affiliated hospital or outpatient facility with respect to which funds have been paid under section 720(a)(1), the owner of the facility ceases to be a public or other nonprofit agency that would have been qualified to file an application under section 605,

"(B) in case of a facility which was not an affiliated hospital or outpatient facility but was a facility with respect to which funds have been paid under paragraph (1) or (3) of section 720(a), the owner of the facility ceases to be a public or nonprofit school, or

"(C) in case of a facility which was a facility with respect to which funds have been paid under section 720(a)(2), the owner of the facility ceases to be a public or nonprofit entity,

"(2) the facility ceases to be used for the teaching or training purposes (or other purposes permitted under section 722) for which it was constructed, or

"(3) the facility is used for sectarian instruction or as a place for religious worship,

the United States shall be entitled to recover from the owner of the facility the base amount prescribed by subsection (c)(1) plus the interest (if any) prescribed by subsection (c)(2).

"(b) The owner of a facility which ceases to be a public or nonprofit agency, school, or entity as described in subparagraph (A), (B), or (C) of subsection (a)(1), as the case may be, or the owner of a facility the use of which changes as described in paragraph (2) or (3) of subsection (a), shall provide the Secretary written notice of such cessation or change of use not later than 10 days after the date on which such cessation or change of use occurs.

"(c)(1) The base amount that the United States is entitled to recover under subsection (a) is the amount bearing the same ratio to the then value (as determined by the agreement of the parties or in an action brought in the district court of the United States for the district in which the facility is situated) of the facility as the amount of the Federal participation bore to the cost of construction.

"(2)(A) The interest that the United States is entitled to recover under subsection (a) is the interest for the period (if any) described in subparagraph (B) at a rate (determined by the Secretary) based on the average of the bond equivalent rates of ninety-one-day Treasury bills auctioned during that period.

"(B) The period referred to in subparagraph (A) is the period beginning—

"(i) if notice is provided as prescribed by subsection (b), 191 days after the date on which the owner of the facility ceases to be a public or nonprofit agency, school, or entity as described in subparagraph (A), (B), or (C) of subsection (a)(1), as the case may be, or 191 days after the date on which the use of the facility changes as described in paragraph (2) or (3) of subsection (a), or

"(ii) if notice is not provided as prescribed by subsection (b), 11 days after the date on which such cessation or change of use occurs,

and ending on the date the amount the United States is entitled to recover is collected.

"(d)(1) The Secretary may waive the recovery rights of the United States under subsection (a) with respect to a facility (under such conditions as the Secretary may establish by regulation) if the Secretary determines that there is good cause for waiving such rights.

"(2) In addition to the authority of the Secretary under paragraph (1), the Secretary may waive the recovery rights of the United States under subsection (a) with respect to a hospital affiliated with a school of medicine if the Secretary determines, in accordance with regulations, that adequate provision has been made, through establishment of an irrevocable trust or other legally enforceable means, to assure that the teaching and other obligations

assumed with respect to the facility as a condition of assistance under this title will continue to be met.

"(e) The right of recovery of the United States under subsection (a) shall not, prior to judgment, constitute a lien on any facility.".

(b) In the case of any facility that was or is constructed on or before the date of enactment of this Act or within 180 days after the date of enactment of this Act, the period described in subsection (c)(2)(B)(i) of section 723 of the Public Health Service Act (as amended by subsection (a) of this section) shall begin no earlier than 181 days after the date of enactment of this Act.

(c) The amendment made by subsection (a) of this section shall not adversely affect other legal rights of the United States.

HEALTH EDUCATION ASSISTANCE LOAN PROGRAM

SEC. 208. (a)(1) Section 731(a)(1)(A) is amended by striking out "and" at the end of clause (iii), by redesignating clause (iv) as clause (v), and by inserting after clause (iii) the following:

"(iv) if required under section 3 of the Military Selective Service Act to present himself for and submit to registration under such section, has presented himself and submitted to registration under such section; and".

(2) Section 731(a)(1)(B) is amended by striking out "and" at the end of clause (ii), and by inserting after clause (iii) the following:

"(iv) if required under section 3 of the Military Selective Service Act to present himself for and submit to registration under such section, has presented himself and submitted to registration under such section; and".

(b)(1) Section 731(a)(2)(B) is amended to read as follows:

"(B) provides for repayment of the principal amount of the loan in installments over a period of not less than 10 years (unless sooner repaid) nor more than 25 years beginning not earlier than 9 months nor later than 12 months after the later of—

"(i) the date on which—

"(I) the borrower ceases to be a participant in an accredited internship or residency program of not more than four years in duration;

"(II) the borrower completes the fourth year of an accredited internship or residency program of more than four years in duration; or

"(III) the borrower, if not a participant in a program described in subclause (I) or (II), ceases to carry, at an eligible institution, the normal full-time academic workload as determined by the institution; or

"(ii) the date on which a borrower who is a graduate of an eligible institution ceases to be a participant in a fellowship training program not in excess of two years or a participant in a full-time educational activity not in excess of two years, which—

"(I) is directly related to the health profession for which the borrower prepared at an eligible institution, as determined by the Secretary; and

"(II) may be engaged in by the borrower during such a two-year period which begins within twelve months after the completion of the borrower's participation in a program described in subclause (I) or (II) of clause (i) or prior to the completion of the borrower's participation in such program,

except as provided in subparagraph (C), except that the period of the loan may not exceed 33 years from the date of execution of the note or written agreement evidencing it, and except that the note or other written instrument may contain such provisions relating to repayment in the event of default in the payment of interest or in the payment of the costs of insurance premiums, or other default by the borrower, as may be authorized by regulations of the Secretary in effect at the time the loan is made;".

(2) Section 731(a)(2)(C) is amended—

(A) by inserting "(including any period in such a program described in subclause (I) or subclause (II) of subparagraph (B)(i))" before the comma in clause (ii);

(B) by striking out "or the 33-year period" in clause (vi);

(C) by striking out "or" after "National Health Service Corps," in clause (v); and

(D) by inserting "or (vii) any period not in excess of two years which is described in subparagraph (B)(ii)," after "Domestic Volunteer Service Act of 1973,".

(3)(A) The provisions of clause (i) of section 731(a)(2)(B) of the Public Health Service Act (as amended by paragraph (1) of this subsection) and the provisions of clauses (ii) and (vi) of section 731(a)(2)(C) of such Act (as amended by subparagraphs (A) and (B) of paragraph (2)) shall not apply to any individual who, prior to the effective date of this Act, received a loan insured under subpart I of part C of title VII of such Act.

(B) The provisions of clause (ii) of section 731(a)(2)(B) of the Public Health Service Act and clause (vii) of section 731(a)(2)(C) of such Act (as added by the amendments made by paragraphs (1) and (2)(D) of this subsection, respectively) shall apply to any loan insured under subpart I of part C of title VII of such Act after the effective date of this Act.

(4) Within 90 days after the effective date of this Act, the Secretary of Health and Human Services shall promulgate regulations to carry out clause (ii) of section 731(a)(2)(B) of the Public Health Service Act and clause (vii) of section 731(a)(2)(C) of such Act (as added by the amendments made by paragraphs (1) and (2)(D) of this subsection, respectively). Such regulations shall—

(A) prescribe criteria for the determination of the types of fellowship training programs and full-time educational activities which will be permitted under such clauses; and

(B) establish procedures for a borrower to apply to the Secretary for a determination concerning whether a particular fellowship training program or full-time educational activity will be permitted under such clauses.

(c) Section 731(b) is amended by striking out "3½" and inserting in lieu thereof "3".

(d) Section 731(c) is amended—

(1) by striking out "section 731(a)(2)(C)" and inserting in lieu thereof "subsection (a)(2)(C)"; and

(2) by inserting before the period a comma and "unless the borrower, in the written agreement described in subsection (a)(2), agrees to make payments during any year or any repayment period in a lesser amount".

(e) Section 732(c) is amended—

(1) by redesignating clauses (1) and (2) of the second sentence as clauses (A) and (B), respectively;

(2) by inserting "(1)" before "The" in the first sentence;

(3) by striking out "2" in the first sentence and inserting in lieu thereof "4";

(4) by striking out "in advance, at such times" in the first sentence and inserting in lieu thereof "in advance at the time the loan is made"; and

(5) by adding at the end thereof the following new paragraph:

"(2) The Secretary may not increase the percentage per year on the principal balance of loans charged pursuant to paragraph (1) for insurance premiums, unless the Secretary has, prior to any such increase—

"(A) requested a qualified public accounting firm to evaluate whether an increase in such percentage is necessary to ensure the solvency of the student loan fund established by section 734, and to determine the amount of such an increase, if necessary; and

"(B) such accounting firm has recommended such an increase and has determined the amount of such increase necessary to ensure the solvency of such fund.

The Secretary may not increase such percentage in excess of the maximum percentage permitted by paragraph (1) or increase such percentage by an amount in excess of the amount of the increase determined by a qualified accounting firm pursuant to this paragraph.".

(f) The first sentence of subsection (a) of section 734 and the first sentence of subsection (b) of such section are each amended by inserting "collection or" before "default".

(g)(1) Section 729(a) is amended by inserting "allied health," after "public health," each place it appears.

(2) Section 737 (as amended by sections 201(c) and 204(c) of this Act) is further amended—

(1) by inserting a comma and "allied health," after "public health" in paragraph (1); and

(2) by adding at the end thereof the following new paragraph:

"(4) The term 'school of allied health' means a program in a school of allied health (as defined in section 701(10)) which leads to a masters' degree or a doctoral degree.".

(h) Section 728(a) (as amended by section 101 of this Act) is further amended—

(1) by striking out "The" in the first sentence and inserting in lieu thereof "(1) Except as provided in paragraph (2), the"; and

(2) by adding at the end thereof the following new paragraph:

"(2) Any portion of the total principal amount of new loans made and installments paid pursuant to lines of credit (as defined in section 737) to borrowers which is—

"(A) permitted under paragraph (1) to be covered by Federal loan insurance under this subpart for a fiscal year; and

"(B) is not, prior to the end of such fiscal year, subject to commitments for the provision of such coverage,

shall be available for such commitments in the next fiscal year succeeding such fiscal year. Any amount available under the preceding sentence in a succeeding fiscal year shall not decrease the total principal amount of new loans made and installments paid pursuant to lines of credit to borrowers which pursuant to paragraph (1) may be covered by Federal loan insurance under this subpart for that succeeding fiscal year.".

HEALTH PROFESSIONS STUDENT LOAN PROGRAM

SEC. 209. (a)(1) Section 740(b)(4) is amended by inserting "doctor of pharmacy or an equivalent degree," before "doctor of podiatry".

(2) Section 741(b) is amended by inserting "doctor of pharmacy or an equivalent degree," before "doctor of podiatry".

(3) Section 741(f)(1)(A) is amended by inserting "doctor of pharmacy or an equivalent degree," before "or doctor of podiatry or an equivalent degree".

(4) Subpart II of part C of title VII is amended by adding at the end thereof the following new section:

"DEFINITION

"SEC. 745. For purposes of this subpart, the term 'school of pharmacy' means a public or nonprofit private school in a State that provides training leading to a degree of bachelor of science in pharmacy or an equivalent degree or a degree of doctor of pharmacy or an equivalent degree and which is accredited in the manner described in section 701(5).".

(b) Section 741(b) (as amended by subsection (a)(2) of this section) is further amended by inserting "(1) who is" after "student" and by inserting before the period a comma and the following: "(2) who, if pursuing a full-time course of study at the school leading to a degree of doctor of medicine or doctor of osteopathy, is of exceptional financial need (as defined by regulations of the Secretary), and (3) who, if required under section 3 of the Military Selective Service Act to present himself for and submit to registration under such section, has presented himself and submitted to registration under such section.".

(c)(1) Section 741(c) is amended to read as follows:

"(c) Such loans shall be repayable in equal or graduated periodic installments (with the right of the borrower to accelerate repayment) over the ten-year period which begins one year after the student ceases to pursue a full-time course of study at a school of medicine, osteopathy, dentistry, pharmacy, podiatry, optometry, or veterinary medicine, excluding from such ten-year period—

"(1) all periods—

"(A) not in excess of three years of active duty performed by the borrower as a member of a uniformed service;

"(B) not in excess of three years during which the borrower serves as a volunteer under the Peace Corps Act; and

"(C) during which the borrower participates in advanced professional training, including internships and residencies; and

"(2) a period—

"(A) not in excess of two years during which a borrower who is a full-time student in such a school leaves the school, with the intent to return to such school as a full-time student, in order to engage in a full-time educational activity which is directly related to the health profession for which the individual is preparing, as determined by the Secretary; or

"(B) not in excess of two years during which a borrower who is a graduate of such a school is a participant in a fellowship training program or a full-time educational activity which—

"(i) is directly related to the health profession for which such borrower prepared at such school, as determined by the Secretary; and

"(ii) may be engaged in by the borrower during such a two-year period which begins within twelve months after the completion of the borrower's participation in advanced professional training described in paragraph (1)(C) or prior to the completion of such borrower's participation in such training.".

(2) The provisions of section 741(c)(2)(A) of the Public Health Service Act (as added by the amendment made by paragraph (1) of this subsection) shall apply to—

(A) any individual who received a loan under subpart II of part C of title VII of the Public Health Service Act and to whom the provisions of such section (if such provisions had been in effect) would have applied between June 17, 1982, and July 7, 1983; and

(B) any individual who, after the effective date of this Act, is a full-time student in a school referred to in such section and who (prior to, on, or after the effective date of this Act), received a loan under such subpart to assist such student in such student's studies in such school.

(3) The provisions of section 741(c)(2)(B) of the Public Health Service Act (as added by the amendment made by paragraph (1) of this subsection) shall apply to any loan made under subpart II of part C of title VII of such Act after the effective date of this Act.

(4) Within 90 days after the effective date of this Act, the Secretary of Health and Human Services shall promulgate regulations to carry out section 741(c)(2) of the Public Health Service Act (as added by the amendment made by paragraph (1) of this subsection) with respect to any loan made under subpart II of part C of title VII of such Act on or after the effective date of this Act. Such regulations shall—

(A) with respect to the provisions of subparagraph (A) of such section—

(i) prescribe criteria for the determination of the types of full-time educational activities which will be permitted under such subparagraph;

(ii) require the school in which the borrower was enrolled as a full-time student to determine, prior to the borrower's leaving such school, whether an educational activity in which the student proposes to engage qualifies for purposes of such subparagraph and such regulations; and

(B) with respect to the provisions of subparagraph (B) of such section—

(i) prescribe criteria for the determination of the types of fellowship training programs and full-time educational activities which will be permitted under such subparagraph; and

(ii) establish procedures for a borrower to apply to the Secretary for a determination concerning whether a particular fellowship training program or full-time educational activity will be permitted under such subparagraph.

(d) Section 741(i) is amended to read as follows:

"(i) Subject to regulations of the Secretary, a school may assess a charge with respect to loans made under this subpart to cover the costs of insuring against cancellation of liability under subsection (d).".

(e) Section 741(j) is amended—

(1) by inserting "and in accordance with this section" after "Secretary" in the first sentence;

(2) by striking out "may" in such sentence and inserting in lieu thereof "shall"; and

(3) by striking out the second sentence and inserting in lieu thereof the following: "No such charge may be made if the payment of such installment or the filing of such evidence is made within 60 days after the date on which such installment or filing is due. The amount of any such charge may not exceed an amount equal to 6 percent of the amount of such installment.".

(f) Section 741 is amended by adding at the end thereof the following new subsection:

"(m) The Secretary is authorized to attempt to collect any loan which was made under this subpart, which is in default, and which was referred to the Secretary by a school with which the Secretary has an agreement under this subpart, on behalf of that school under such terms and conditions as the Secretary may prescribe (including reimbursement from the school's student loan fund for expenses the Secretary may reasonably incur in attempting collection), but only if the school has complied with such requirements as the Secretary may specify by regulation with respect to the collection of loans under this subpart. A loan so referred shall be treated as a debt subject to section 5514 of title 5, United States Code. Amounts collected shall be deposited in the school's student loan fund. Whenever the Secretary desires the institution of a civil action regarding any such loan, the Secretary shall refer the matter to the Attorney General for appropriate action.".

(g) Section 742(b) is amended by adding at the end thereof the following new paragraph:

"(5) Any funds from a student loan fund established under this subpart which are returned to the Secretary in any fiscal year shall be available for allotment under this subpart, in such fiscal year and the fiscal year succeeding such fiscal year, to schools which, during the period beginning on July 1, 1972, and ending on September 30, 1985, established student loan funds with Federal capital contributions under this subpart.".

(h) Subpart II of part C of title VII (as amended by subsection (a)(4) of this subsection) is further amended—

(1) by redesignating section 745 (as added by subsection (a)(4) of this section) as section 747; and

(2) by inserting after section 744 the following new sections:

"STUDENT LOAN INFORMATION BY INSTITUTIONS

"SEC. 745. (a) With respect to loans made by a school under this subpart after June 30, 1986, each school, in order to carry out the provisions of sections 740 and 741, shall, at any time such school makes such a loan to a student under this subpart, provide thorough and adequate loan information on loans made under this subpart to the student. The loan information required to be provided to the student by this subsection shall include—

"(1) the yearly and cumulative maximum amounts that may be borrowed by the student;

"(2) the terms under which repayment of the loan will begin;

"(3) the maximum number of years in which the loan must be repaid;

"(4) the interest rate that will be paid by the borrower and the minimum amount of the required monthly payment;

"(5) the amount of any other fees charged to the borrower by the lender;

"(6) any options the borrower may have for deferral, cancellation, prepayment, consolidation, or other refinancing of the loan;

"(7) a definition of default on the loan and a specification of the consequences which will result to the borrower if the borrower defaults, including a description of any arrangements which may be made with credit bureau organizations;

"(8) to the extent practicable, the effect of accepting the loan on the eligibility of the borrower for other forms of student assistance; and

"(9) a description of the actions that may be taken by the Federal Government to collect the loan, including a description of the type of information concerning the borrower that the Federal Government may disclose to (A) officers, employees, or agents of the Department of Health and Human Services, (B) officers, employees, or agents of schools with which the Secretary has an agreement under this subpart, or (C) any other person involved in the collection of a loan under this subpart.

"(b) Each school shall, immediately prior to the graduation from such school of a student who received a loan under this subpart

after June 30, 1986, provide such student with a statement specifying—

"(1) each amount borrowed by the student under this subpart;

"(2) the total amount borrowed by the student under this subpart; and

"(3) a schedule for the repayment of the amounts borrowed under this subpart, including the number, amount, and frequency of payments to be made.

"PROCEDURES FOR APPEAL OF TERMINATIONS

"SEC. 746. In any case in which the Secretary intends to terminate an agreement with a school under this subpart, the Secretary shall provide the school with a written notice specifying such intention and stating that the school may request a formal hearing with respect to such termination. If the school requests such a hearing within 30 days after the receipt of such notice, the Secretary shall provide such school with a hearing conducted by an administrative law judge.".

(i) Section 743 is amended by striking out "1987" each place it appears and inserting in lieu thereof "1991".

*(j) Section 740 is amended by adding at the end thereof the following new subsection:*

*"(c)(1) Any standard established by the Secretary by regulation for the collection by schools of medicine, osteopathy, dentistry, pharmacy, podiatry, optometry, or veterinary medicine of loans made pursuant to loan agreements under this subpart shall provide that the failure of any such school to collect such loans shall be measured in accordance with this subsection.*

*"(2) The measurement of a school's failure to collect loans made under this subpart shall be the ratio (stated as a percentage) that the defaulted principal amount outstanding of such school bears to the matured loans of such school.*

*"(3) For purposes of this subsection—*

*"(A) the term 'default' means the failure of a borrower of a loan made under this subpart to—*

*"(i) make an installment payment when due; or*

*"(ii) comply with any other term of the promissory note for such loan,*

*except that a loan made under this subpart shall not be considered to be in default if the loan is discharged in bankruptcy or if the school reasonably concludes from written contacts with the borrower that the borrower intends to repay the loan;*

*"(B) the term 'defaulted principal amount outstanding' means the total amount borrowed from the loan fund of a school that has reached the repayment stage (minus any principal amount repaid or cancelled) on loans—*

*"(i) repayable monthly and in default for at least 120 days; and*

*"(ii) repayable less frequently than monthly and in default for at least 180 days;*

*"(C) the term 'grace period' means the period of one year beginning on—*

*"(i) the date on which the borrower ceases to pursue a full-time course of study at a school of medicine, osteopathy, dentistry, pharmacy, podiatry, optometry, or veterinary medicine; or*

*"(ii) the date on which ends any period described in paragraph (1) or (2) of section 741(c) which is applicable to such borrower,*

*whichever is later; and*

*"(D) the term 'matured loans' means the total principal amount of all loans made by a school under this subpart minus the total principal amount of loans made by such school to students who are—*

*"(i) enrolled in a full-time course of study at such school; or*

*"(ii) in their first grace period.".*

[(j)] *(k)* Section 6103(m) of the Internal Revenue Code of 1954 is amended—

(1) by inserting "ADMINISTERED BY THE DEPARTMENT OF EDUCATION" before the period in the paragraph heading of paragraph (4); and

(2) by adding at the end thereof the following new paragraph:

"(5) INDIVIDUALS WHO HAVE DEFAULTED ON STUDENT LOANS ADMINISTERED BY THE DEPARTMENT OF HEALTH AND HUMAN SERVICES.—

"(A) IN GENERAL.—Upon written request by the Secretary of Health and Human Services, the Secretary may disclose the mailing address of any taxpayer who has defaulted on a loan made under part C of title VII of the Public Health Service Act or under subpart II of part B of title VIII of such Act, for use only by officers, employees, or agents of the Department of Health and Human Services for purposes of locating such taxpayer for purposes of collecting such loan.

"(B) DISCLOSURE TO SCHOOLS AND ELIGIBLE LENDERS.—Any mailing address disclosed under subparagraph (A) may be disclosed by the Secretary of Health and Human Services to—

"(i) any school with which the Secretary of Health and Human Services has an agreement under subpart II of part C of title VII of the Public Health Service Act or subpart II of part B of title VIII of such Act, or

"(ii) any eligible lender (within the meaning of section 737(2) of such Act) participating under subpart I of part C of title VII of such Act,

for use only by officers, employees, or agents of such school or eligible lender whose duties relate to the collection of student loans for purposes of locating individuals who have defaulted on student loans made under such subparts for the purposes of collecting such loans.".

SCHOLARSHIPS FOR FIRST-YEAR STUDENTS OF EXCEPTIONAL FINANCIAL NEED

SEC. 210. (a) Section 758(b) is amended by striking out paragraph (2) and inserting in lieu thereof the following:

"(2) A scholarship provided to a student for a school year under a grant under subsection (a) shall consist of—

"(A) payment to, or (in accordance with paragraph (4)) on behalf of, the student of the amount (except as provided in section 710) of—

"(i) the tuition of the student in such school year; and

"(ii) all other reasonable educational expenses, including fees, books, and laboratory expenses, incurred by the student in such school year; and

"(B) payment to the student of a stipend of $400 per month (adjusted in accordance with paragraph (5)) for each of the 12 consecutive months beginning with the first month of such school year.

"(3) Notwithstanding paragraph (2), the total scholarship award to a student for each year shall not exceed the cost of attendance for that year at the educational institution attended by the student (as determined by such educational institution).

"(4) The Secretary may contract with an educational institution in which is enrolled a student who has received a scholarship with a grant under subsection (a) for the payment to the educational institution of the amounts of tuition and other reasonable educational expenses described in paragraph (2)(A). Payment to such an educational institution may be made without regard to section 3324 of title 31, United States Code.

"(5) The amount of the monthly stipend, specified in paragraph (2)(B) and as previously adjusted (if at all) in accordance with this paragraph, shall be increased by the Secretary for each school year by an amount (rounded to the next highest multiple of $1) equal to the amount of such stipend multiplied by the overall percentage (as set forth in the report transmitted to the Congress under section 5305 of title 5, United States Code) of the adjustment (if such adjustment is an increase) in the rates of pay under the General Schedule made effective in the fiscal year in which such school year ends.".

(b) Section 338A(g)(1) is amended by striking out "or under section 758 (relating to scholarships for first-year students of exceptional financial need),".

CAPITATION GRANTS FOR SCHOOLS OF PUBLIC HEALTH

SEC. 211. (a)(1) Section 770 is amended to read as follows:

"CAPITATION GRANTS FOR SCHOOLS OF PUBLIC HEALTH

"SEC. 770. (a)(1) The Secretary shall make annual grants to schools of public health for the support of the education programs of such schools. The amount of the annual grant to each such school with an approved application shall be computed for each fiscal year in accordance with paragraphs (2) and (3).

"(2) Each school of public health shall receive for the fiscal year ending September 30, 1986, and for each of the next two fiscal years, an amount equal to the product of—

"(A) $1,400, and

"(B) the sum of (i) the number of full-time students enrolled in degree programs in such school in the school year beginning in such fiscal year, and (ii) the number of full-time equivalents of part-time students enrolled in degree programs in such school, determined pursuant to paragraph (3), for such school for such school year.

"(3) For purposes of paragraph (2), the number of full-time equivalents of part-time students for a school of public health for any school year is a number equal to—

"(A) the total number of credit hours of instruction in such year for which part-time students of such school, who are pursuing a course of study leading to a graduate degree in public health or an equivalent degree, have enrolled, divided by

"(B) the greater of (i) the number of credit hours of instruction which a full-time student of such school was required to take in such year, or (ii) 9,

rounded to the next highest whole number.

"(b) Notwithstanding subsection (a), if the aggregate of the amounts of the grants to be made in accordance with such subsection for any fiscal year to schools of public health with approved applications exceeds the total of the amounts appropriated for such grants for such schools under subsection (e), the amount of a school's grant for such fiscal year shall be an amount which bears the same ratio to the amount determined for the school under subsection (a) as the total of the amounts appropriated for that year under subsection (e) for grants to schools of public health bears to the amount required to make grants in accordance with subsection (a) to each of the schools of public health with approved applications.

"(c)(1) For purposes of this section, regulations of the Secretary shall include provisions relating to the determination of the number of students enrolled in a school or in a particular year-class in a school on the basis of estimates, on the basis of the number of students who in an earlier year were enrolled in a school or in a particular year-class, or on such other basis as the Secretary deems appropriate for making such determination, and shall include methods of making such determination when a school or a year-class was not in existence in an earlier year at a school.

"(2) For purposes of this section, the term 'full-time students' (whether such term is used by itself or in connection with a particular year-class) means students pursuing a full-time course of study leading to a graduate degree in public health or equivalent degree.

"(d) In the case of a new school of public health which applies for a grant under this section in the fiscal year preceding the fiscal year in which it will admit its first class, the enrollment for purposes of subsection (a) shall be the number of full-time students which the Secretary determines, on the basis of assurances provided by the school, will be enrolled in the school, in the fiscal year after the fiscal year in which the grant is made.

"(e) For payments under this section, there are authorized to be appropriated $5,000,000 for the fiscal year ending September 30, 1986, and for each of the two succeeding fiscal years.".

(2) Section 731(a)(1)(A)(ii) is amended by striking out "(as defined in section 770(c)(2))" and inserting in lieu thereof "(as defined in section 770(c)(2) (as such section was in effect on September 30, 1985))".

(b) Section 771 is amended to read as follows:

"ELIGIBILITY FOR CAPITATION GRANTS

"SEC. 771. (a)(1) The Secretary shall not make a grant under section 770 to any school of public health in a fiscal year beginning after September 30, 1985, unless the application for the grant contains, or is supported by, assurances satisfactory to the Secretary that—

"(A) the enrollment of full-time equivalent students enrolled in degree programs in the school in the school year beginning in the fiscal year in which the grant applied for is to be made will not be less than the enrollment of such students in degree programs in the school in the school year beginning in the fiscal year ending September 30, 1983; and

"(B) the applicant will expend in carrying out its functions as a school of public health during the fiscal year for which such grant is sought, an amount of funds (other than funds for construction as determined by the Secretary) from non-Federal sources which is at least as great as the amount of funds expended by such applicant for such purpose (excluding expenditures of a nonrecurring nature) in the fiscal year preceding the fiscal year for which such grant is sought.

"(2) For purposes of subsection (a)(1)(A), the number of full-time equivalent students enrolled in a degree program in a school in a school year is equal to the sum calculated under section 770(a)(2)(B) for that school year.

"(b) The Secretary may waive (in whole or in part) application to a school of public health of the requirement of subsection (a)(1)(A) if the Secretary determines, after receiving the written recommendation of the appropriate accreditation body or bodies (approved for such purpose by the Commissioner of Education) that compliance by such school with such requirement will prevent it from maintaining its accreditation.".

(c)(1) Section 772(b) is amended—

(A) by striking out "or subsection (a) or (b) of section 788";

(B) by striking out "medicine, osteopathy, dentistry, public health, veterinary medicine, optometry, pharmacy, or podiatry," and inserting in lieu thereof "public health,";

(C) by striking out "Commissioner of Education" and inserting in lieu thereof "Secretary of Education"; and

(D) by striking out "Commissioner" each place it appears and inserting in lieu thereof "Secretary of Education".

(2) The section heading for section 772 is amended to read as follows:

"APPLICATIONS FOR CAPITATION GRANTS".

(d) The heading for part E of title VII is amended to read as follows:

"PART E—GRANTS TO IMPROVE THE QUALITY OF SCHOOLS OF PUBLIC HEALTH".

DEPARTMENTS OF FAMILY MEDICINE

SEC. 212. Section 780 is amended by redesignating subsection (c) (as amended by section 103 of this Act) as subsection (d) and by inserting after subsection (b) the following:

"(c) In making grants under subsection (a), the Secretary shall give priority to applicants that demonstrate to the satisfaction of the Secretary a commitment to family medicine in their medical education training programs.".

AREA HEALTH EDUCATION CENTERS

SEC. 213. (a) Section 781(a)(2) is amended by redesignating subparagraphs (A), (B), and (C) as clauses (i), (ii), and (iii), respectively, and by striking out all that precedes clause (i) (as so redesignated) and inserting in lieu thereof the following:

"(2)(A) The Secretary shall enter into contracts with schools of medicine and osteopathy—

"(i) which have previously received Federal financial assistance for an area health education center program under section 802 of the Health Professionals Educational Assistance Act of 1976 in fiscal year 1979 or under paragraph (1), or

"(ii) which are receiving assistance under paragraph (1),

to carry out projects described in subparagraph (B) through area health education centers for which Federal financial assistance was provided under paragraph (1) and which are no longer eligible to receive such assistance.

"(B) Projects for which assistance may be provided under subparagraph (A) are—".

(b) The last sentence of section 781(g) is amended by striking out "may" and inserting in lieu thereof "shall".

(c) Section 781(d)(2)(F) is amended to read as follows:

"(F) conduct interdisciplinary training and practice involving physicians and other health personnel including, where practicable, physician assistants and nurse practitioners;".

GENERAL INTERNAL MEDICINE AND GENERAL PEDIATRICS

SEC. 214. Section 784 is amended by redesignating subsection (b) (as amended by section 106 of this Act) as subsection (c) and by inserting after subsection (a) the following new subsection:

"(b) In making grants and entering into contracts under subsection (a), the Secretary shall give priority to applicants that demonstrate to the satisfaction of the Secretary a commitment to general internal medicine and general pediatrics in their medical education training programs.".

FAMILY MEDICINE AND GENERAL DENTISTRY

SEC. 215. (a) Section 786(b) is amended—

(1) by inserting "or an approved advanced educational program in the general practice of dentistry" before the semicolon in paragraph (1); and

(2) by striking out "residents" in paragraph (2) and inserting in lieu thereof "participants".

(b) Section 786 is amended by redesignating subsection (c) (as amended by section 107 of this Act) as subsection (d) and by inserting after subsection (b) the following new subsection:

"(c) In making grants under subsection (a), the Secretary shall give priority to applicants that demonstrate to the satisfaction of the Secretary a commitment to family medicine in their medical education training programs.".

(c) Section 786(d) (as amended by section 107 of this Act and redesignated by subsection (b) of this section) is further amended by inserting before the period in the second sentence a comma and "and shall obligate not less than 7.5 percent of such amounts in each such fiscal year for grants under subsection (b)".

EDUCATIONAL ASSISTANCE TO INDIVIDUALS FROM DISADVANTAGED BACKGROUNDS

SEC. 216. (a) Section 787(a)(1) is amended—

(1) by inserting "chiropractic," after "allied health,"; and

(2) by inserting after "podiatry" a comma and "public and nonprofit private schools which offer graduate programs in clinical psychology,".

(b) Section 787(a)(2) is amended—

(1) by striking out "and" after the last comma in subparagraph (D);

(2) by striking out the period at the end of subparagraph (E) and inserting in lieu thereof a comma and "and"; and

(3) by inserting after subparagraph (E) the following:

"(F) paying such stipends [(including allowances for travel and dependents)] as the Secretary may determine for such individuals for any period of health professions education at such a school.

The term 'regular course of education of such a school' as used in subparagraph (D) includes a graduate program in clinical psychology.".

*(c) Section 787(b) is amended by adding at the end thereof the following new sentence: "Not less than 25 percent, and not more than 35 percent, of the funds appropriated under this section for any fiscal year shall be obligated for stipends under subsection (a)(2)(F) to individuals of exceptional financial need (as defined by regulations promulgated by the Secretary under section 758).".*

SPECIAL PROJECTS

SEC. 217. (a)(1) Section 788(a)(1) is amended to read as follows:

"(a)(1) The Secretary may make grants to maintain and improve schools which provide the first or last two years of education leading to the degree of doctor of medicine or osteopathy. Grants provided under this paragraph to schools which were in existence on

September 30, 1985, may be used for construction and the purchase of equipment.".

(2) Paragraph (2) of section 788(a) is repealed and paragraph (3) of such section is redesignated as paragraph (2).

(3) Section 788(a)(2) (as redesignated by paragraph (2) of this subsection) is amended by inserting "or last" after "the first", by inserting "or osteopathy" after "medicine" and by inserting "or be operated jointly with a school that is accredited by" after "accredited by".

(b) Section 788(b) is amended to read as follows:

"(b)(1) The Secretary may make grants to and enter into contracts with any health profession, allied health profession, or nurse training institution, or any other public or nonprofit private entity for projects in areas such as—

"(A) health promotion and disease prevention;

"(B) curriculum development and training in health policy and policy analysis, including curriculum development and training in areas such as—

"(i) the organization, delivery, and financing of health care;

"(ii) the determinants of health and the role of medicine in health; and

"(iii) the promotion of economy in health professions teaching, health care practice, and health care systems management;

"(C) curriculum development in clinical nutrition;

"(D) the development of initiatives for assuring the competence of health professionals; and

"(E) curriculum and program development and training in applying the social and behavioral sciences to the study of health and health care delivery issues.

"(2)(A) Of the amounts available for grants and contracts under this subsection from amounts appropriated under subsection (g)(1), at least 75 percent shall be obligated for grants to and contracts with health professions institutions, allied health institutions, and nurse training institutions.

"(B) Any application for a grant to institutions described in subparagraph (A) shall be subject to appropriate peer review by peer review groups composed principally of non-Federal experts.

"(C) The Secretary may not approve or disapprove an application for a grant to an institution described in subparagraph (A) unless the Secretary has consulted with the National Advisory Council on Health Professions Education with respect to such application.

"(3) Of the amounts available for grants and contracts under this subsection from amounts appropriated under subsection (g)(1), not more than 25 percent shall be obligated for grants to and contracts with public and nonprofit entities which are not health professions institutions, allied health institutions, or nurse training institutions.".

(c) Section 788(d) is amended to read as follows:

"(d)(1) The Secretary may make grants to and enter into contracts with schools of medicine and osteopathy or other appropriate public or nonprofit private entities to assist in meeting the costs of such schools or entities of providing projects to—

"(A) improve the training of health professionals in geriatrics;

"(B) develop and disseminate curricula relating to the treatment of the health problems of elderly individuals;

"(C) expand and strengthen instruction in methods of such treatment;

"(D) support the training and retraining of faculty to provide such instruction;

"(E) support continuing education of health professionals and allied health professionals who provide such treatment; and"

"(F) establish new affiliations with nursing homes, chronic and acute disease hospitals, ambulatory care centers, and senior centers in order to provide students with clinical training in geriatric medicine.

"(2)(A) Any application for a grant under this subsection shall be subject to appropriate peer review by peer review groups composed principally of non-Federal experts.

"(B) The Secretary may not approve or disapprove an application for a grant under this subsection unless the Secretary has consulted with the National Advisory Council on Health Professions Education with respect to such application.".

(d) Section 788 is amended by redesignating subsection (f) (as amended by section 109 of this Act) as subsection (g) and by inserting after subsection (e) the following:

"(f) The Secretary may make grants to schools of veterinary medicine for—

"(1) the development of curricula for training in the care of animals used in research, the treatment of animals while being used in research, and the development of alternatives to the use of animals in research;

"(2) the provision of such training; and

"(3) large animal care and research.".

(e) The heading for section 788 is amended to read as follows:

"TWO-YEAR SCHOOLS OF MEDICINE, INTERDISCIPLINARY TRAINING, AND CURRICULUM DEVELOPMENT".

ADVANCED FINANCIAL DISTRESS ASSISTANCE

SEC. 218. Subsections (b)(1) and (f) of section 788B are each amended by striking out "five" and inserting in lieu thereof "six".

GRADUATE PROGRAMS IN HEALTH ADMINISTRATION

SEC. 219. Section 791(c)(2)(A)(i) is amended by inserting before the semicolon a comma and "except that in any case in which the number of minority students enrolled in the graduate educational programs of such entity in such school year will exceed an amount equal to 45 percent of the number of all students that will be enrolled in such programs in such school year, such application shall only be required to contain assurances that at least 20 individuals will complete such programs in such school year".

PROGRAM ELIMINATIONS

SEC. 220. (a) Section 703 is repealed.

(b) Section 708(c) is repealed.
(c) Part D of title VII is repealed.
(d) Section 782 is repealed.
(e) Section 785 is repealed.
(f)(1) Section 788A is repealed.
(2) The second sentence of section 788B(a) is amended by inserting "(as such section was in effect prior to October 1, 1985)" after "section 788A".
(3) Section 788B(f) (as amended by section 218 of this Act) is further amended by striking out the last sentence.
(4) Section 788B(h) (as amended by section 110 of this Act) is further amended--
(A) by striking out "and section 788A" in the first sentence; and
(B) by striking out the second sentence.
(g) Section 789 is repealed.

ANALYSIS OF FINANCIAL DISINCENTIVES TO CAREER CHOICES IN HEALTH PROFESSIONS

SEC. 221. By October 1, 1986, the Secretary of Health and Human Services shall prepare and transmit to the Congress a report which contains—

(1) an analysis of any financial disincentive to graduates of health professions schools which affects the specialty of practice chosen by such graduates or the decision of such graduates to practice their profession in an area which lacks an adequate number of health care professionals; and

(2) recommendations for legislation and administrative action to correct any disincentives which are identified pursuant to clause (1) and which are contrary to the achievement of national health goals, including recommendations concerning the appropriateness of providing financial assistance to mitigate such disincentives.

STUDY ON COMPLIANCE WITH SELECTIVE SERVICE ACT

SEC. 222. The Secretary of Health and Human Services, in cooperation with the Director of Selective Service, shall conduct a study to determine if health professions schools are engaged in a pattern or practice of failure to comply with section 12(f) of the Military Selective Service Act (50 U.S.C. App. 462(f)) (or regulations issued under such section) or are engaged in a pattern or practice of providing loans or work assistance to persons who are required to register under section 3 of such Act (and any proclamation of the President and regulations prescribed under that section) and have not so registered. The Secretary shall complete the study and report its results to the Congress not later than one year after the effective date of this Act.

STUDY OF THE ROLE OF ALLIED HEALTH PERSONNEL IN HEALTH CARE DELIVERY

SEC. 223. (a)(1) The Secretary of Health and Human Services shall arrange for the conduct of a study concerning the role of allied health personnel in health care delivery. The Secretary shall

request the National Academy of Sciences to conduct the study under an arrangement under which the actual expenses incurred by the Academy in conducting such study will be paid by the Secretary and the Academy will prepare the report required by subsection (c). If the National Academy of Sciences is willing to do so, the Secretary shall enter into such an arrangement with the Academy for the conduct of the study.

(2) If the National Academy of Sciences is unwilling to conduct the study required by paragraph (1) under the type of arrangement described in such paragraph, the Secretary shall enter into a similar arrangement with one or more appropriate nonprofit private entities.

(b) The study required by subsection (a) shall—

(1) assess the role of allied health personnel in health care delivery;

(2) identify projected needs, availability, and requirements of various types of health care delivery systems for each type of allied health personnel;

(3) investigate current practices under which each type of allied health personnel obtain licenses, credentials, and accreditation;

(4) assess changes in programs and curricula for the education of allied personnel and in the delivery of services by such personnel which are necessary to meet the needs and requirements identified pursuant to paragraph (2); and

(5) assess the role of the Federal, State, and local governments, educational institutions, and health care facilities in meeting the needs and requirements identified pursuant to paragraph (2).

(c) By October 1, 1987, the Secretary of Health and Human Services shall transmit to the Committee on Labor and Human Resources of the Senate and the Committee on Energy and Commerce of the House of Representatives, and make available to the public, a report—

(1) describing the study conducted under this section;

(2) containing a statement of the data obtained under such study; and

(3) specifying such recommendations for legislation and administrative action as the Secretary considers appropriate.

RECOVERY OF ASSISTANCE FOR COMMUNITY MENTAL HEALTH CENTERS

SEC. 224. (a) Section 2115 is amended to read as follows:

"RECOVERY

"SEC. 2115. (a) If any facility with respect to which funds have been paid under the Community Mental Health Centers Act (as such Act was in effect prior to October 1, 1981) is, at any time within twenty years after the completion of remodeling, construction, or expansion or after the date of its acquisition—

"(1) sold or transferred to any entity (A) which would not have been qualified to file an application under section 222 of such Act (as such section was in effect prior to October 1, 1981) or (B) which is disapproved as a transferee by the State mental

health agency or by another entity designated by the chief executive officer of the State, or

"(2) ceases to be used by a community mental health center in the provision of comprehensive mental health services,

the United States shall be entitled to recover from the transferor, transferee, or owner of the facility, the base amount prescribed by subsection (c)(1) plus the interest (if any) prescribed by subsection (c)(2).

"(b) The transferor and transferee of a facility that is sold or transferred as described in subsection (a)(1), or the owner of a facility the use of which changes as described in subsection (a)(2), shall provide the Secretary written notice of such sale, transfer, or change not later than 10 days after the date on which such sale, transfer, or cessation of use occurs.

"(c)(1) The base amount that the United States is entitled to recover under subsection (a) is the amount bearing the same ratio to the then value (as determined by the agreement of the parties or in an action brought in the district court of the United States for the district in which the facility is situated) of so much of the facility as constituted an approved project or projects as the amount of the Federal participation bore to the cost of the remodeling, construction, expansion, or acquisition of the project or projects.

"(2)(A) The interest that the United States is entitled to recover under subsection (a) is the interest for the period (if any) described in subparagraph (B) at a rate (determined by the Secretary) based on the average of the bond equivalent rates of ninety-one-day Treasury bills auctioned during that period.

"(B) The period referred to in subparagraph (A) is the period beginning—

"(i) if notice is provided as prescribed by subsection (b), 191 days after the date on which such sale, transfer, or cessation of use occurs, or

"(ii) if notice is not provided as prescribed by subsection (b), 11 days after such sale, transfer, or cessation of use occurs,

and ending on the date the amount the United States is entitled to recover is collected.

"(d) The Secretary may waive the recovery rights of the United States under subsection (a) with respect to a facility (under such conditions as the Secretary may establish by regulation) if the Secretary determines that there is good cause for waiving such rights.

"(e) The right of recovery of the United States under subsection (a) shall not, prior to judgment, constitute a lien on any facility.".

(b) In the case of any facility that was or is constructed, remodeled, expanded, or acquired on or before the date of enactment of this Act or within 180 days after the date of enactment of this Act, the period described in subsection (c)(2)(B)(i) of section 2115 of the Public Health Service Act (as amended by subsection (a) of this section) shall begin no earlier than 181 days after the date of enactment of this Act.

(c) The amendments made by subsection (a) of this section shall not adversely affect other legal rights of the United States.

EFFECTIVE DATE

SEC. 225. (a) Except as provided in subsection (b), this Act and the amendments and repeals made by this Act shall take effect on October 1, 1985.

(b)(1) The provisions of section 207 of this Act and the amendment made by subsection (a) of such section shall take effect on the date of enactment of this Act.

*(2) The amendment made by section 209(j) of this Act shall take effect June 30, 1984.*

[(2)] *(3)* The provisions of section 224 of this Act and the amendment made by subsection (a) of such section shall take effect on the date of enactment of this Act.

## VI. BUDGET ESTIMATE

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
*Washington, DC, July 12, 1985.*

Hon. ORRIN G. HATCH,
*Chairman, Committee on Labor and Human Resources,*
*U.S. Senate, Washington, DC.*

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the attached revised cost estimate for S. 1283, the Health Professions Training Assistance Act of 1985, as ordered reported by the Senate Committee on Labor and Human Resources on June 27, 1985.

If you wish further details on this estimate, we will be pleased to provide them.

With best wishes,
Sincerely,

RUDOLPH G. PENNER, *Director.*

CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

1. Bill number: S. 1283.

2. Bill title: The Health Professions Training Assistance Act of 1985.

3. Bill status: As ordered reported by the Senate Committee on Labor and Human Resources on June 27, 1985.

4. Bill purpose: S. 1283 would extend the programs of assistance for the training of health personnel.

5. Estimated cost to the Federal Government:

[By fiscal year, in millions of dollars]

| | 1986 | 1987 | 1988 | 1989 | 1990 |
|---|---|---|---|---|---|
| Authorization levels: | | | | | |
| Health education assistance loans | | | | | |
| Exceptional need scholarships | 7.0 | 7.0 | 7.0 | | |
| Family medicine | 7.5 | 7.5 | 7.5 | | |
| Area health education centers | 18.0 | 18.0 | 18.0 | | |
| Capitation grants | 5.0 | 5.0 | 5.0 | | |
| Physician assistants | 4.8 | 4.8 | 4.8 | | |
| Internal medicine and pediatrics | 18.5 | 18.5 | 18.5 | | |
| Family medicine and dentistry | 36.0 | 36.0 | 36.0 | | |

[By fiscal year, in millions of dollars]

| | 1986 | 1987 | 1988 | 1989 | 1990 |
|---|---|---|---|---|---|
| Disadvantaged assistance | 24.0 | 24.0 | 24.0 | | |
| Support for 2-year schools of medicine and curriculum development | 8.0 | 8.0 | 8.0 | | |
| Financial distress | 5.6 | 5.6 | | | |
| Graduate programs in health administration | 1.5 | 1.5 | 1.5 | | |
| Traineeships for students in other graduate programs | 0.5 | 0.5 | 0.5 | | |
| Public health traineeships | 3.0 | 3.0 | 3.0 | | |
| Training in preventive medicine | 1.6 | 1.6 | 1.6 | | |
| Total authorization levels | 141.0 | 141.0 | 135.4 | | |
| Estimated outlays: | | | | | |
| Health education assistance loans | −28.9 | −29.7 | −26.6 | 10.8 | 14.4 |
| Exceptional need scholarships | 1.8 | 5.4 | 6.7 | 5.2 | 0.6 |
| Family medicine | 2.0 | 5.8 | 7.2 | 5.5 | 1.7 |
| Area health education centers | 4.8 | 13.9 | 17.2 | 13.2 | 1.5 |
| Capitation grants | 1.3 | 3.9 | 4.8 | 3.7 | 0.4 |
| Physician assistants | 1.3 | 3.7 | 4.6 | 3.5 | 1.1 |
| Internal medicine and pediatrics | 4.9 | 14.3 | 17.7 | 13.6 | 4.2 |
| Family medicine and dentistry | 9.5 | 27.8 | 34.5 | 26.5 | 3.0 |
| Disadvantaged assistance | 6.3 | 18.5 | 23.0 | 17.7 | 5.5 |
| Support for 2-year schools of medicine and curriculum development | 2.1 | 6.2 | 7.7 | 5.9 | 1.8 |
| Financial distress | 1.5 | 4.3 | 3.9 | 1.3 | 0.2 |
| Graduate programs in health administration | 0.4 | 1.2 | 1.4 | 1.1 | 0.1 |
| Traineeships for students in other graduate programs | 0.1 | 0.4 | 0.5 | 0.4 | 0.1 |
| Public health traineeships | 0.8 | 2.3 | 2.9 | 2.2 | 0.3 |
| Training in preventive medicine | 0.4 | 1.2 | 1.5 | 1.2 | 0.1 |
| Total estimated outlays | 8.3 | 79.2 | 107.0 | 111.8 | 35.0 |

The costs of this bill would fall within budget function 550.

Basis of estimate: All authorization levels are stated in the bill. CBO assumes, that all stated authorized amounts are fully appropriated at the beginning of each fiscal year. Outlays are estimated using spendout rates computed by CBO on the basis of recent program data.

The bill authorizes the federal government to continue to guarantee loans made by private lenders through fiscal year 1988 under the Health Education Assistance Loan (HEAL) program. This authorization affects the unified budget by allowing the federal government to continue to collect insurance premiums on new loans. These premiums are placed in the Student Loan Insurance Fund and are used to pay anticipated loan default costs.

CBO assumes that the HEAL program will obligate all of the $275 million, $290 million and $300 million worth of guaranteed loan dollars available to them in fiscal years 1986 through 1988, respectively. This bill could increase the insurance premium currently paid by new borrowers to four percent, if such an increase were necessary to ensure the solvency of the Student Loan Insurance Fund (SLIF). If the insurance premium were increased to four percent, receipts to the SLIF in 1986 through 1988 would total about $91 million. Using the current program default rate, we assume outlays from the Fund of about $31 million by 1990. Defaults on loans made in 1987 and 1988 would result in additional outlays from the Fund beyond our projection period.

6. Estimated cost to State and local governments: In order to receive federal grants to support graduate programs in health administration, schools must spend or obligate at least $100,000 in each fiscal year of non-federal funds. Some of these funds could be provided by state and local governments.

7. Estimate comparison: CBO prepared an estimate on May 20, 1985 for H.R. 2410, the Health Professions Educational Assistance Amendments of 1985 as ordered reported by the House Committee on Energy and Commerce. This bill also extended programs of assistance for health personnel training.

8. Previous CBO estimate: CBO previously prepared an estimate for S. 1283 on July 12, 1985. Committee staff had not provided CBO with the changes made to the bill at full Committee mark-up. The current estimate reflects these changes.

9. Estimate prepared by: Carmela Pena.

10. Estimate approved by: James L. Blum, Assistant Director for Budget Analysis.

## VII. Administration Views

The Secretary of Health and Human Services,
*Washington, DC, July 8, 1985.*

Hon. Orrin G. Hatch,
*Chairman, Committee on Labor and Human Resources,*
*U.S. Senate, Washington, DC.*

Dear Mr. Chairman: This is in response to your request for reports on S. 1283 and S. 1284, bills that would reauthorize health professions and nurse training subsidies.

In summary, we strongly oppose these bills as currently drafted, with their emphasis on maintaining obsolete Federal training subsidies designed to meet health professions shortages of the 1960s—not the surpluses of the 1980s. With excessive authorizations totalling nearly $600 million above the Administration's proposals for fiscal years 1986, 1987, and 1988, these bills perpetuate a rigid Federal categorical grant framework.

Our proposals target health professions funds on needy students through improvements in the Health Professions and Nursing Student Loan programs. Moreover, the Administration proposes to continue the Health Education Assistance Loan (HEAL) program with new loan commitment levels totalling $300 million for fiscal years 1986 through 1988.

The ability of our nation's health professions schools to supply our society with health professionals has changed dramatically in the last 20 years, thus decreasing Federal funding requirements instead of increasing them. After two decades of massive Federal subsidies, the nation as a whole has met or exceeded the estimated required level of health professionals in nearly every major specialty. Since 1965, physician supply has increased 56 percent; since 1960, the number of full-time employed nurses has increased from 231 per 100,000 population to 349 per 100,000 population—a 51 percent increase. Coupled with these past growth trends, productivity remains high. Our 127 medical schools now produce nearly 16,000 new doctors per year, nearly double the level of the early 1970s.

Within a decade, physician supply is estimated to grow another 52 percent, to nearly 685,000.

All major studies of supply and demand of health professionals conclude that virtually all health professions occupations are in excess supply and that supply growth will continue to outstrip demand increases for the remainder of the decade. Thus, categorical training subsidies included in S. 1283 and S. 1284 are no longer required. We believe that an automatic extension of programs to satisfy narrow special interests without any public hearings is not in the best interest of the nation. As you know, last October the President did not approve a similar reauthorization bill.

Although S. 1283 addresses certain needed improvements in the HEAL program recently recommended by our Inspector General's report, the excessive loan commitment levels authorized represent the wrong approach as we attempt to stabilize the program against rising defaults. S. 1283 authorizes new loan commitments of $865 million for fiscal years 1986 through 1988, $500 million or nearly 300% over the level proposed by the Administration. As the Department's Inspector General reported, the HEAL default rate could rise to 10 to 15 percent within the next 5 years unless program operations are significantly improved. This is not the time to add unnecessarily to the level of outstanding guarantees that will already exceed $950 million by the end of fiscal year 1985 as efforts continue to overcome current program shortcomings.

We are advised by the Office of Management and Budget that there is no objection to the presentation of this report and that enactment of S. 1283 or S. 1284 in their present form would not be consistent with the Administration's objectives.

Sincerely,

MARGARET M. HECKLER,
*Secretary.*

## VIII. REGULATORY IMPACT STATEMENT

The Committee has determined that there will be minimal increase in regulatory and paperwork burden imposed by this bill.

## IX. SECTION-BY-SECTION ANALYSIS

Section 1 cites the title of the bill as the Health Professions Training Assistance Amendments of 1985.

### REFERENCE

Section 2 provides that, except when otherwise specifically indicated, an amendment or repeal contained in the bill is made to a section or other provision of the Public Health Service Act.

### TITLE I—AUTHORIZATION OF APPROPRIATIONS

*Scope and duration of Federal Loan Insurance Program*

Section 101 extends the Health Education Assistance Loan (HEAL) program (secs. 727-739) by authorizing Federal guarantees for new loans for fiscal years 1985 through 1988. The total principal amount of new loans commitments guaranteed by Federal loan insurance could not exceed $250 million for FY 1985, $275 million for

FY 1986, $290 million for FY 1987, and $305 million for FY 1988. This section also authorizes guarantees through 1991 to enable students who have obtained prior loans guaranteed under this program to continue to be eligible for Federal guarantees.

*Scholarships for students of exceptional financial need*

Section 102 extends the program of scholarships for first-year health professions students of exceptional financial need (sec. 758) and authorizes for these scholarships $7 million for each of the fiscal years 1986, 1987, and 1988.

*Departments of family medicine*

Section 103 extends the program of grants for the establishment of departments of family medicine (sec. 780) and authorizes for these grants $7.5 million for each of the fiscal years 1986, 1987, and 1988.

*Area health education centers*

Section 104 extends the area health education center program (sec. 781) and authorizes $18 million for each of the fiscal years 1986, 1987, and 1988.

*Physician assistants*

Section 105 extends the authority of grants and contracts for projects to plan, develop, operate, or maintain programs for the training of physician assistants (sec. 783) and authorizes for this authority $4.8 million for each of the fiscal years 1986, 1987, and 1988.

*General internal medicine and general pediatrics*

Section 106 extends the program of grants and contracts for training, traineeships, and fellowships in general internal medicine and general pediatrics (sec. 784) and authorizes for these programs $18.5 million for each of the fiscal years 1986, 1987, and 1988.

*Family medicine and general practice of dentistry*

Section 107 extends the program of grants and contracts for training, traineeships, and fellowships in family medicine and the general practice of dentistry (sec. 786) and authorizes for this program $36 million for each of the fiscal years 1986, 1987, and 1988. The Secretary would continue to be required to give priority in funding to family medicine training programs.

*Educational assistance to individuals from disadvantaged backgrounds*

Section 108 extends the program of grants and contracts to health professions schools and other health or educational entities for assisting individuals from disadvantaged backgrounds to undertake health professions education (sec. 787) and authorizes for this program $24 million for each of the fiscal years 1986, 1987, and 1988.

*Conversion and curriculum grants*

Section 109 extends the special projects authority for curriculum development, support services for health professionals in shortage areas, geriatric training, podiatric training programs, and other purposes (sec. 788) and authorizes $8 million for each of the fiscal years 1986, 1987, and 1988.

*Advanced financial distress assistance*

Section 110 reauthorizes contracts for providing financial assistance to health professions schools to meet incurred or prospective costs of operation if the Secretary determines this assistnce is essential to remove a school from serious and longstanding financial instability (sec. 788B), at $5.6 million for fiscal years 1986 and 1987.

*Graduate programs in health administration*

Section 111 extends the program of grants to support graduate programs in health administration, hospital administration, and health planning (sec. 791) and authorizes for these grants $1.5 million for each of the fiscal years 1986, 1987, and 1988.

*Traineeships for students in health administration*

Section 112 extends the program of grants for traineeships for students enrolled in graduate programs of health administration, hospital administration, or health policy analysis and planning (sec. 791A) and authorizes $500,000 for each of the fiscal years 1986, 1987, and 1988.

*Public health traineeships*

Section 113 extends the program of grants for traineeships in public health (sec. 792) and authorizes $3 million for each of the fiscal years 1986, 1987, and 1988.

*Training in preventive medicine*

Section 114 extends the authority of grants and contracts to plan, develop, maintain, or improve residency training programs in preventive medicine and to provide financial assistance to trainees in these programs (sec. 793) and authorizes $1.6 million for each of the fiscal years 1986, 1987, and 1988.

TITLE II—PROGRAM REVISIONS

*Schools of chiropractic*

Section 201 transfers to the definitions section of title VII (sec. 701) a definition for schools of chiropractic.

*Training of physician assistants*

Section 202 amends the definition of programs for the training of physician assistants to require that such programs focus on primary care. The amended definition requires: (1) that individuals be qualified to competently provide primary health care under the supervision of a physician; and (2) that regulations require among other things that programs train students in primary care, disease

prevention, health promotion, geriatric medicine, and home health care.

*Schools of allied health*

Section 203 amends the definition of schools of allied health to include colleges, with junior colleges and universities, which provide programs of education to enable individuals to become allied health professionals or to provide additional training for allied health professionals. The bill also adds a definition for allied health professionals and defines these as individuals: (1) who receive a certificate, an associate's degree, a bachelor's degree, a master's degree, a doctoral degree, or postbaccalaureate training in a science relating to health care; and (2) who have responsibility for the delivery of health care services or related services, including services relating to the identification, evaluation, and prevention of diseases and disorders; dietary and nutrition services; health promotion services; rehabilitation services, or health systems management services.

*Graduate programs in clinical psychology*

Section 204 transfers to the definitions section of title VII a definition for graduate programs in clincial psychology.

*National Advisory Council on Health Professions Education*

Section 205 revises the composition of appointed members to the National Advisory Council on Health Professions Education of the appointed members, (1) 12 shall be represenatives of the health professions schools assisted under programs authorized by title VII including one representative of each of the schools of veterinary medicine, optometry, pharmacy, podiatry, public health, and allied health, and graduate programs in health administration and at least 6 persons experienced in university administration, at least one of whom should be a representative of the above-mentioned schools; (2) 2 shall be full-time students enrolled in health professions schools; and (3) 6 shall be members of the general public.

*Technical assistance*

Section 206 amends the authority for the Secretary to provide technical assistance (sec. 709(d)) to specify that funds appropriated under title VII may be used by the Secretary to provide this assistance.

*Recovery of assistance*

Section 207 renames section 723, "Recapture of Payments," as "Recovery" and expands procedures for the U.S. to recover funds awarded as construction assistance for health professions teaching facilities if the facility or owner ceases to be a public or nonprofit entity, the facility ceases to be used for the training purposes for which it was constructed, or the facility is used for sectarian instruction or religions worship.

*Health Education Assistance Loans (HEAL) Program*

Section 208 amends the HEAL program: (1) To require students who must do so to register for the draft in order to be eligible for

HEAL loans; (2) to provide that repayment of loans would be required to begin after the fourth year of residency training; (3) to permit deferrals of repayment for only four years of residency training; (4) to permit deferrals of repayment for two years of fellowship training; (5) to provide that deferrals of repayment could not extend the total repayment period beyond 33 years; (6) to exempt students receiving HEAL loans prior to the enactment of this Act from changes in repayment; (7) to allow a minimum repayment of a loan in any year of less than the annual interest on the outstanding principal; (8) to lower the maximum interest charged on HEAL loans from 3½ to 3 percent above the average rate for 91-day Treasury bills for the previous quarter; (9) to increase the insurance premium which the Secretary may charge for guaranteeing loans from a maximum of 2 percent to a maximum of 4 percent of the unpaid principal of a loan and to clarify that this premium is to be paid by the student in advance at the time the loan is made; (10) to specify that the Secretary may not increase this insurance premium unless the Secretary has first requested a qualified public accounting firm to evaluate whether an increase is necessary to ensure the solvency of the student loan fund and has determined the amount of increase needed; (11) to permit the Secretary to use amounts in the student loan insurance fund for the costs of collection of unpaid loans; (12) to make graduate students of allied health eligible for HEAL, with a limitation of $12,500 in any academic year; and (13) to provide that if principal amounts guaranteed under HEAL are less than the ceiling allowed for that fiscal year, the difference is to be carried over to the next fiscal year and will not decrease the total new principal which may be guaranteed that year.

*Health Professions Student Loan (HPSL) Program*

Section 209 amends the HPSL program: (1) To clarify that schools of pharmacy currently eligible for participation include schools which provide training leading to a degree of bachelor of science in pharmacy or an equivalent degree or a degree of doctor of pharmacy or an equivalent degree; (2) to require medical and osteopathic students be of exceptional financial need; (3) to require students who must do so to register for the draft; (4) to permit deferral of repayment for fellowship training; (5) to provide that the Secretary would no longer be required to reimburse a school for its proportionate share of loans cancelled due to death or disability; however, schools would be allowed to assess a charge on loans to cover the costs of losses due to death or disability; (6) to require schools to assess a charge on loans more than 60 days overdue; this charge could not exceed 6 percent of the overdue installment payment; (7) to authorize the Secretary to assist in collecting a loan in default, but only if schools had complied with requirements the Secretary had prescribed in regulation for collection of loans; (8) to require the Secretary to distribute any funds returned from student loan funds to schools which established revolving funds between July 1, 1972 and September 30, 1985; (9) to require school loan programs to provide borrowers thorough and adequate information on their loan obligations and actions that may be taken by the school and government to collect loans; (10) to allow a school to

appeal a decision by the Secretary to terminate a school's loan fund; (11) to establish a measurement of a school's failure to collect loans as the ratio of defaulted principal amounts outstanding at the school to the matured loans of the school; and (12) to authorize the Secretary of Treasury to disclose to the Secretary of HHS the address of those persons who have defaulted on loans and to allow the Secretary of HHS to disclose this information to schools to assist them in the collection of defaulted loans.

*Scholarships for first-year students of exceptional financial need*

Section 210 amends the authority for exceptional financial need (EFN) scholarships to include specifications for the amount of scholarship (previously included through reference to the National Health Service Corps scholarship program). EFN scholarships would include tuition, all other reasonable educational expenses (including fees, books, and laboratory expenses), and a stipend adjusted annually by the same percentage increase authorized for rates of pay under the General Schedule. The total scholarship award could not exceed the cost determined by the school to be necessary for attending.

*Capitation grants for schools of public health*

Section 211 amends the capitation grants section of title VII to authorize capitation grants for schools of public health only. Schools would receive an amount equal to the product of $1,400 and the sum of the number of full-time and full-time equivalent students. To be eligible for capitation grants, schools of public health would be required to provide assurances that: (1) The enrollment of full-time equivalent students in the school year which begins in the fiscal year in which a grant is made will not be less that the enrollment of full-time equivalent students in the school year beginning in FY 1983; and (2) the school will expend from non-Federal sources an amount as great as that expended in the fiscal year preceding the year in which a grant is made. Section 211 authorizes $5 million for capitation grants to schools of public health for each of fiscal years 1986 through 1988.

*Departments of family medicine*

Section 212 amends the program of grants for the establishment of departments of family medicine to require the Secretary to give priority to applicants who demonstrate a commitment to family medicine in their medical education training programs.

*Area health education centers (AHECs)*

Section 213 amends the AHEC program to allow a school with an ongoing program to apply for project aid on behalf of an AHEC that no longer is funded as part of that program. In addition, this section replaces the requirement for medical or osteopathic schools participating in an AHEC to encourage the participation of nurse practitioners and physicians assistants within the area served by the center and recruitment of individuals for training in these professions with a requirement that AHECS themselves conduct interdisciplinary training and practice involving physicians and other

health personnel, including where practicable physician assistants and nurse practitioners.

*General internal medicine and general pedratrics*

Section 214 amends the program of grants and contracts for rendering training in general internal medicine and general pedratrics to require the secretary to give priority to applicants who demonstrate a commitment to these specialities in their medical education training programs.

*Family medicine and general dentistry*

Section 215 amends the authority for training in family medicine and general practice of dentistry to add eligibility for approved advance educational programs in the general practice of dentistry, thereby recognizing nonhospital based training programs. This section also requires the Secretary to obligate not less than 7.5 percent of appropriations for training in the general practice of dentistry. The section also requires the Secretary to give priority, in awards for family medicine training programs, to applicants who demonstrate a commitment to family medicine in their medical education training programs.

*Educational assistance to individuals from disadvantaged backgrounds*

Section 216 makes schools of chiropractic and graduate programs in clinical psychology eligible for grants and contracts authorized under section 787 for assisting individuals from disadvantaged backgrounds to undertake health professions education. This section authorizes assistance to be used for stipends support and specifies that not less than 25 percent and not more than 35 percent of funds appropriated for this program must be used for stipends awarded to individuals of exceptional financial need.

*Special projects*

Section 217 revises the authority for conversion grants (sec. 788(a)) to authorize the Secretary to make grants to maintain and improve schools providing the first or last two years of education leading to the degree of doctor of medicine or osteopathy. Grants to schools in existence on Sept. 30, 1985, would be used for construction and the purchase of equipment.

Section 217 also revises the list of curriculum development special projects which may be supported with grants and contracts under section 788(b). Under the revised authority, grants and contracts may be awarded to any health profession, allied health profession, or nurse training institution, or any other public or nonprofit private entity for projects in areas such as: (1) health promotion and disease prevention; (2) curriculum development and training in health policy and policy analysis, including the organization, delivery, and financing of health care, the determinants of health, and the promotion of economy in teaching, practice, and health care systems management; (3) curriculum development in clinical nutirtion; (4) the development of initiatives for assuring the competence of health professionals; and (5) curriculum and program development and training in applying the social and behavioral sci-

ences to the study of health and health care delivery issues. Of amounts available for these grants and contracts, at leat 75 percent would be required to be awarded to health professions institutions, allied health insitutions, and nurse training institutions. Not more than 25 percent would be available to public and nonprofit entities which are not health professions, allied health, or nurse training institutions. Applications for projects supported under the revised authority would be subject to appropriate peer review by groups composed principally of non-Federal experts. The Secretary could not approve applications unless he had received recommendations from the appropriate peer review group and from the National Advisory Council on Health Professions Education.

Section 217 also revises the authority of grants and contracts for geriatric medicine training (sec. 788(d)). The revised authority provides grant and contract assistance for projects to (1) improve the training of health professionals in geriatrics; (2) develop and disseminate curricula relating to the treatment of the health problems of the elderly; (3) expand and strengthen instruction in methods of treatment of these problems; (4) support the training and retraining of faculty to provide this instruction; (5) support continuing education of health professionals and allied health professionals who provide treatment to the elderly; and (6) establish new affiliations with nursing homes, chronic and acute disease hospitals, ambulatory care centers, and senior centers in order to provide students with clinical training in geriatric medicine.

Section 217 also establishes an authority for grants to schools of veterinary medicine for (1) the development of curricula for training in the care of animals in research, the treatment of animals while being used in research, and the development of alternatives to the use of animals in research; (2) the provision of such training; and (3) large animal care and research.

*Advanced financial distress assistance*

Section 218 revises the advanced financial distress assistance authority to allow schools to receive support for six years rather than five.

*Graduate programs in health administration*

Section 219 revises the requirements which graduate programs in health administration must meet in order to receive grants. Specifically, this section provides an exception to the requirement that at least 25 individuals must complete the graduate programs of the entity during the school year when a grant is received, and reduces this number to 20 when the number of minority students enrolled in the graduate educational programs of the entity exceeds 45 percent of the total number of students enrolled.

*Repeals*

Section 220 repeals various obsolete and expired authorities in title VII.

*Analysis of financial disincentives to career choices in health professions*

Section 221 requires that the Secretary include in a report which must be submitted by October 1, 1986, an analysis of any financial disincentives which affect the specialty choice and geographic practice location of health professions graduates. The Secretary would also be required to make any recommendations for legislation and administrative action, including the appropriateness of providing financial assistance, which might correct and mitigate these disincentives.

*Study on compliance with Selective Service Act*

Section 222 requires that the Secretary of HHS, in cooperation with the Director of Selective Service, to conduct a study to determine if health professions schools are engaged in a pattern or practice of failure to comply with Selective Service draft registration requirements.

*Study of the role of allied health personnel in health care delivery*

Section 223 requires the Secretary to arrange for a study on the role of allied health personnel in health care delivery and to report to the Congress on this study and legislative and administrative recommendations by October 1, 1987.

*Recovery of assistance for community mental health centers*

Section 224 specifies procedures for recovery of funds awarded to community mental health centers (CMHC) if a CMHC (1) is sold or transferred to any entity which would not have been qualified to file an application for Federal assistance or is disapproved as a transferree by the State mental health agency or designated entity of the State, or (2) ceases to be used as a CMHC in the provision of comprehensive mental health services.

EFFECTIVE DATES

Section 225 specifies the effective dates of provisions of the bill (generally October 1, 1985.)

## X. Changes in Existing Law

In compliance with rule XXVI paragraph 12 of the Standard Rules of the Senate, the following provides a print of the statute or the part or section thereof to be amended or replaced (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

### Public Health Service Act

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## TITLE III—GENERAL POWERS AND DUTIES OF PUBLIC HEALTH SERVICE

### PART A—RESEARCH AND INVESTIGATION

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### PART B—FEDERAL-STATE COOPERATION

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### PART C—HOSPITALS, MEDICAL EXAMINATIONS, AND MEDICAL CARE

#### HOSPITALS

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### PART D—PRIMARY HEALTH CARE

### Subpart I—Primary Health Centers

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### Subpart II—National Health Service Corps Program

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#### NATIONAL HEALTH SERVICE CORPS SCHOLARSHIP PROGRAM

SEC. 338A. (a) * * *

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(g)(1) A scholarship provided to a student for a school year under a written contract under the Scholarship Program [or under section 758 (relating to scholarships for first-year students of exceptional financial need),] shall consist of—

(A) payment to, or (in accordance with paragraph (2)) on behalf of, the student of the amount (except as provided in section 711) of—

(i) the tuition of the student in such school year; and

(ii) all other reasonable educational expenses, including fees, books, and laboratory expenses, incurred by the student in such school year; and

(B) payment to the student of a stipend of $400 per month (adjusted in accordance with paragraph (3)) for each of the 12 consecutive months beginning with the first month of such school year.

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## TITLE VII-HEALTH RESEARCH AND TEACHING FACILITIES AND TRAINING OF PROFESSIONAL HEALTH PERSONNEL

### PART A—GENERAL PROVISIONS

#### DEFINITIONS

SEC. 701. For purposes of this title:

(1) The terms "construction" and "cost of construction" include (A) the construction of new buildings, the expansion of existing buildings, and the acquisition, remodeling, replacement, renovation, major repair (to the extent permitted by regulations), or alteration of existing buildings, including architects' fees, but not including the cost of acquisition of land or offsite improvements, and (B) initial equipment of new buildings and of the expanded, remodeled, repaired, renovated, or altered part of existing buildings; but such term shall not include the construction or cost of construction of so much of any facility as is used or is to be used for sectarian instruction or as a place for religious worship.

(2) The term "nonprofit" refers to the status of an entity owned and operated by one or more corporations or associations no part of the net earnings of which inures, or may lawfully inure, to the benefit of any private shareholder or individual.

(3) The term "affilated hospital or affiliated outpatient facility" means a hospital or outpatient facility as defined in section 645, which is not owned by, but is affiliated (to the extent and in the manner determined in accordance with regulations) with, a school of medicine, osteopathy, or dentistry which meets the eligibility conditions set forth in section 721(b)(1).

(4) The terms "school of medicine", "school of dentistry", "school of osteopathy", "school of pharmacy", "school of optometry", "school of podiatry", "school of veterinary medicine", [and] "school of public health", *and "school of chiropractic"* mean an accredited public or nonprofit private school in a State that provides training leading, respectively, to a degree of doctor of medicine, a degree of doctor of dentistry or an equivalent degree, a degree of doctor of osteopathy, a degree of bachelor of science in pharmacy or an equivalent degree, a degree of doctor of optometry or an equivalent degree, a degree of doctor of podiatry or an equivalent degree, a degree of doctor of veterinary medicine or an equivalent degree, [and] a graduate degree in public health or an equivalent degree, *and a degree of doctor of chiropractic or an equivalent degree,* and including advanced training related to such training provided by any such school. The term "graduate program in health administration" means an accredited graduate program in a public nonprofit private institution in a State that provides training leading to a graduate degree in health administration or an equivalent degree.

(5) The term "accredited", when applied to a school of medicine, osteopathy, dentistry, veterinary medicine, optometry, podiatry, pharmacy, [or] public health, *or chiropractic,* [or] a graduate program in health administration, *or a graduate program in clinical psychology,* means a school or program that is accredited by a recognized body or bodies approved for such purpose by the Secretary of Education, except that a new school or program that, by reason of an insufficient period of operation, is not, at the time of application for a grant or contract under this title, eligible for accreditation by such a recognized body or bodies, shall be deemed accredited for purposes

of this title, if the Secretary of Education finds, after consultation with the appropriate accreditation body or bodies, that there is reasonable assurance that the school or program will meet the accreditation standards of such body or bodies prior to the beginning of the academic year following the normal graduation date of the first entering class in such school or program.

(6) The term "teaching facilities" means areas dedicated for use by students, faculty, or administrative or maintenance personnel for clinical purposes, research activities, libraries, classrooms, offices, auditoriums, dining areas, student activities, or other related purposes necessary for, and appropriate to, the conduct of comprehensive programs of education. Such term includes interim facilities but does not include off-site improvements or living quarters.

(7) The term "interim facilities" means teaching facilities designed to provide teaching space on a short-term (less than ten years) basis while facilities of a more permanent nature are being planned and constructed.

(8)(A) The term "program for the training of physician assistants" means an educational program which (i) has as its objective the education of individuals who will, upon completion of their studies in the program, be qualified to [effectively] provide *primary* health care under the supervision of a physician, and (ii) meets regulations prescribed by the Secretary in accordance with subparagraph (B).

(B) After consultation with appropriate [professional] organizations, the Secretary shall [(within 180 days after the date of enactment of this paragraph)] *not later than October 1, 1986,* prescribe regulations for programs for the training of physician assistants. Such regulations shall, as a minimum, require that such a program—

[(i) extend for at least one academic year and consist of (I) supervised clinical practice, and (II) at least four months (in the aggregate) of classroom instruction, directed toward preparing students to deliver health care; and

[(ii) have an enrollment of not less than eight students.]

*(i) extend for at least one academic year and consist of—*

*(I) supervised clinical practice, and*

*(II) at least four months (in the aggregate) of classroom instruction,*

*directed toward preparing students to deliver health care;*

*(ii) have an enrollment of not less than eight students; and*

*(iii) train students in primary care, disease prevention, health promotion, geriatric medicine, and home health care.*

(9)(A) The term "program for the training of expanded function dental auxiliaries" means an educational program which (i) has as its objective the education of individuals who will, upon completion of their studies in the program, be qualified to assist in the provision of dental care under the supervision

of a dentist and (ii) meets regulations prescribed by the Secretary in accordance with subparagraph (B).

(B) After consultation with appropriate professional organizations, the Secretary shall (within 180 days after the date of enactment of this paragraph) prescribe regulations for programs for the training of expanded function dental auxiliaries. Such regulations shall, as a minimum, require that such a program—

(i) extend for at least one academic year and consist of—

(I) supervised clinical practice, and

(II) at least four months (in the aggregate) of classroom instruction,

directed toward preparing students to deliver dental care; and

(ii) have an enrollment of not less than eight students.

(10) The term "school of allied health" means a public or nonprofit private *college,* junior college, or university—

(A) which provides, or can provide, programs of education [in a discipline of allied health leading to a baccalaureate or associate degree (or an equivalent degree of either) or to a more advanced degree] *to enable individuals to become allied health professionals or to provide additional training for allied health professionals;*

(B) which provides training for not less than a total of twenty persons in the allied health curricula;

(C) which includes or is affiliated with a teaching hospital; and

(D) which is accredited by a recognized body or bodies approved for such purposes by the Secretary of Education, or which provides to the Secretary satisfactory assurance by such accrediting body or bodies that reasonable progress is being made toward accreditation.

(11) The term "State" includes, in addition to the several States, only the District of Columbia, the Commonwealth of Puerto Rico, the Commonwealth of the Northern Mariana Islands, the Virgin Islands, Guam, American Samoa, and the Trust Territory of the Pacific Islands.

(12) The term "Department" means the Department of Health and Human Services.

*(13) The term "allied health professional" means an individual—*

*(A) who has received a certificate, an associate's degree, a bachelor's degree, a masters' degree, a doctoral degree, or postbaccalaureate training, in a science relating to health care;*

*(B) who has responsibility for the delivery of health care services or related services, including—*

*(i) services relating to the identification, evaluation, and prevention of diseases and disorders;*

*(ii) dietary and nutrition services;*

*(iii) health promotion services;*

*(iv) rehabilitation services; or*

*(v) health systems management services; and*

*(C) who has not received a degree of doctor of medicine, a degree of doctor of osteopathy, a degree of doctor of dentistry or an equivalent degree, a degree of doctor of veterinary medicine or an equivalent degree, a degree of doctor of optometry or an equivalent degree, a degree of doctor of podiatry or an equivalent degree, a degree of bachelor of science in pharmacy or an equivalent degree, a degree of doctor of pharmacy or an equivalent degree, a graduate degree in public health or an equivalent degree, a degree of doctor of chiropractic or an equivalent degree, a graduate degree in health administration or an equivalent degree, or a doctoral degree in clinical psychology or an equivalent degree.*

*(14) The term "graduate program in clinical psychology" means an accredited graduate program in a public or nonprofit private institution in a State which provides training leading to a doctoral degree in clinical psychology or an equivalent degree.*

NATIONAL ADVISORY COUNCIL ON HEALTH PROFESSIONALS EDUCATION

SEC. 702. (a) There is established in the Public Health Service a National Advisory Council on Health Professions Education (hereafter in this section referred to as the "Council"), consisting of the Secretary (or his delegate), who shall be Chairman of the Council, and twenty members appointed by the Secretary (without regard to the provisions of title 5 of the United States Code relating to appointments in the competitive service) from persons who because of their education, experience, or training are particularly qualified to advise the Secretary with respect to the programs of assistance authorized by parts B, C, D, E, F, and G of this title. [Of the appointed members of the Council (1) twelve shall be representatives of the health professions schools assisted under programs authorized by this title, including at least six persons experienced in university administration and at least four representatives of schools of veterinary medicine, optometry, pharmacy, podiatry, and public health, and entities which may receive a grant under section 791, (2) two shall be full-time students enrolled in health professions schools, and (3) six shall be members of the general public.] *Of the appointed members of the Council—*

*(1) twelve shall be representatives of the health professions schools assisted under programs authorized under this title, including—*

*(A) one representative of each of schools of veterinary medicine, optometry, pharmacy, podiatry, public health, and allied health, and graduate programs in health administration; and*

*(B) at least six persons experienced in university administration, at least one of whom shall be a representative of a school described in subparagraph (A);*

*(2) two shall be full-time students enrolled in health professions schools; and*

*(3) six shall be members of the general public.*

[ADVANCE FUNDING

[SEC. 703. An appropriation under an authorization of appropriations for grants or contracts under this title for any fiscal year may be made at any time before that fiscal year and may be included in an Act making an appropriation under such authorization for another fiscal year; but no funds may be made available from any appropriation under such authorization for obligation for such grants or contracts before the fiscal year for which such appropriation is authorized.]

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HEALTH PROFESSIONS DATA

SEC. 708. (a) * * *

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[(c) Any school, program, or training center receiving funds under this title or title VIII shall submit an annual report to the Secretary. Such report shall contain such information as is necessary to assist the Secretary in carrying out this section and evaluating the efficacy of these programs in addressing national health priorities. The Secretary shall not require the collection or transmittal of any information under this subsection that is not readily available to such school, program, or training center. Information provided pursuant to this subsection shall be collected or transmitted only to the extent permitted under subsection (e).]

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APPLICATIONS, PAYMENTS, AND ASSURANCES UNDER GRANTS

SEC. 709. (a) * * *

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(d) [The Secretary may provide technical assistance for the purpose of carrying out any program or purpose under this title.] *Funds appropriated under this title may be used by the Secretary to provide technical assistance in relation to any of the authorities under this title.*

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[RECAPTURE OF PAYMENTS

[SEC. 723. (a) If, within twenty years (or in the case of interim facilities, within such shorter period as the Secretary shall by regulation prescribe) after completion of any construction for which funds have been under a grant under paragraph (1) or (3) of section 720(a)—

[(1) the applicant or other owner of the facility shall cease to be a public or nonprofit school or, in case the facility was an affiliated hospital or outpatient facility, the applicant or other owner of the facility ceases to be a public or other nonprofit agency qualified to file an application under section 605, or

[(2) the facility shall cease to be used for the teaching purposes (and the other purposes permitted under section 722] for

which it was constructed, unless the Secretary determines, in accordance with regulations, that there is good cause for releasing the applicant or other owner from the obligation to do so, or

[(3) the facility is used for sectarian instruction or as a place for religious worship,

the United States shall be entitled to recover from the applicant or other owner of the facility the amount bearing the same ratio to the then value (as determined by agreement of the parties or by action brought in the United States district court for the district in which such facility is situated) of the facility, as the amount of the Federal participation bore to the cost of construction of such facility.

[(b) If, within 20 years after completion of any construction for which funds have been paid under a grant under section 720(a)(2)—

[(1) the applicant or other owner of the facility shall cease to be a public or nonprofit entity;

[(2) the facility shall cease to be used for the training purposes for which such funds were provided, unless the Secretary determines, in accordance with regulations which he shall promulgate, that there is a significant public purpose and good cause for releasing the applicant or other owner from the obligation to do so; or

[(3) the facility is used for sectarian instruction or as a place for religious worship,

the United States shall be entitled to recover from the applicant or other owner of the facility the amount bearing the same ratio to the then value (as determined by agreement of the parties or by action brought in the United States district court for the district in which such facility is situated) of the facility, as the amount of the Federal participation bore to the cost of construction of such facility.]

*RECOVERY*

*SEC. 723. (a) If at any time within twenty years (or within such shorter period as the Secretary may prescribe by regulation for an interim facility) after the completion of construction of a facility with respect to which funds have been paid under section 720(a)—*

*(1)(A) in case of a facility which was an affiliated hospital or outpatient facility with respect to which funds have been paid under section 720(a)(1), the owner of the facility ceases to be a public or other nonprofit agency that would have been qualified to file an application under section 605,*

*(B) in case of a facility which was not an affiliated hospital or outpatient facility but was a facility with respect to which funds have been paid under paragraph (1) or (3) of section 720(a), the owner of the facility ceases to be a public or nonprofit school, or*

*(C) in case of a facility which was a facility with respect to which funds have been paid under section 720(a)(2), the owner of the facility ceases to be a public or nonprofit entity,*

*(2) the facility ceases to be used for the teaching or training purposes (or other purposes permitted under section 722) for which it was constructed, or*

*(3) the facility is used for sectarian instruction or as a place for religious worship,*

*the United States shall be entitled to recover from the owner of the facility the base amount prescribed by subsection (c)(1) plus the interest (if any) prescribed by subsection (c)(2).*

*(b) The owner of a facility which ceases to be a public or nonprofit agency, school, or entity as described in subparagraph (A), (B), or (C) of subsection (a)(1), as the case may be, or the owner of a facility the use of which changes as described in paragraph (2) or (3) of subsection (a), shall provide the Secretary written notice of such cessation or change of use not later than 10 days after the date on which such cessation or change of use occurs.*

*(c)(1) The base amount that the United States is entitled to recover under subsection (a) is the amount bearing the same ratio to the then value (as determined by the agreement of the parties or in an action brought in the district court of the United States for the district in which the facility is situated) of the facility as the amount of the Federal participation bore to the cost of construction.*

*(2)(A) The interest that the United States is entitled to recover under subsection (a) is the interest for the period (if any) described in subparagraph (B) at a rate (determined by the Secretary) based on the average of the bond equivalent rates of ninety-one-day Treasury bills auctioned during that period.*

*(B) The period referred to in subparagraph (A) is the period beginning—*

*(i) if notice is provided as prescribed by subsection (b), 191 days after the date on which the owner of the facility ceases to be a public or nonprofit agency, school, or entity as described in subparagraph (A), (B), or (C) of subsection (a)(1), as the case may be, or 191 days after the date on which the use of the facility changes as described in paragraph (2) or (3) of subsection (a), or*

*(ii) if notice is not provided as prescribed by subsection (b), 11 days after the date on which such cessation or change of use occurs,*

*and ending on the date the amount the United States is entitled to recover is collected.*

*(d)(1) The Secretary may waive the recovery rights of the United States under subsection (a) with respect to a facility (under such conditions as the Secretary may establish by regulation) if the Secretary determines that there is good cause for waiving such rights.*

*(2) In addition to the authority of the Secretary under paragraph (1), the Secretary may waive the recovery rights of the United States under subsection (a) with respect to a hospital affiliated with a school of medicine if the Secretary determines, in accordance with regulations, that adequate provision has been made, through establishment of an irrevocable trust or other legally enforceable means, to assure that the teaching and other obligations assumed with respect to the facility as a condition of assistance under this title will continue to be met.*

*(e) The right of recovery of the United States under subsection (a) shall not, prior to judgment, constitute a lien on any facility.*

* * * * * * *

## PART C—STUDENT ASSISTANCE

### Subpart I—Federal Program of Insured Loans to Graduate Students in Health Professions Schools

* * * * * * *

#### SCOPE AND DURATION OF FEDERAL LOAN INSURANCE PROGRAM

SEC. 728. (a) [The] *(1) Except as provided in paragraph (2), the* total principal amount of new loans made and installments paid pursuant to lines of credit (as defined in section 737) to borrowers covered by Federal loan insurance under this subpart shall not exceed $500,000,000 for the fiscal year ending September 30, 1978; $510,000,000 for the fiscal year ending September 30, 1979; $520,00,000 for the fiscal year ending September 30, 1980; and $200,000,000 for the fiscal year ending September 30, 1982; $225,000,000 for the fiscal year ending September 30, 1983; [and] $250,000,000 for the fiscal year ending September 30, 1984; *$250,000,000 for the fiscal year ending September 30, 1985; $275,000,000 for the fiscal year ending Septembe 30, 1986; $290,000,000 for the fiscal year ending September 30, 1987; and $300,000,000 for the fiscal year ending Septemter 30, 1988.* Thereafter, Federal loan insurance pursuant to this subpart may be granted only for loans made (or for loan installments paid pursuant to lines of credit) to enable students, who have obtained prior loans insured under this subpart, to continue or complete their educational program or to obatin a loan under section 731(a)(1)(B) to pay interest on such prior loans; but no insurance may be granted for any loan made or installment paid after September 30, [1987,] *1991,* and for the next fiscal year.

*(2) Any portion of the total principal amount of new loans made and installments paid pursuant to lines of credit (as defined in section 737) to borrowers which is—*

*(A) permitted under paragraph (1) to be covered by Federal loan insurance under this subpart for a fiscal year; and*

*(B) is not, prior to the end of such fiscal year, subject to commitments for the provision of such coverage,*

*shall be available for such commitments in the next fiscal year succeeding such fiscal year. Any amount available under the preceding sentence in a succeeding fiscal year shall not decrease the total principal amount of new loans made and installments paid pursuant to lines of credit to borrowers which pursuant to paragraph (1) may be covered by Federal loan insurance under this subpart for that succeeding fiscal year.*

* * * * * * *

LIMITATIONS ON INDIVIDUAL FEDERALLY INSURED LOANS AND ON FEDERAL LOAN INSURANCE

SEC. 729. (a) The total of the loans made to a student in any academic year or its equivalent (as determined by the Secretary) which may be covered by Federal loan insurance under this subpart may not exceed $20,000 in the case of a student enrolled in a school of medicine, osteopathy, dentistry, veterinary medicine, optometry, or podiatry, and $12,500 in the case of a student enrolled in a school of pharmacy, public health, *allied health,* or chiropractic, or a graduate program in health administration or clinical psychology. The aggregate insured unpaid principal amount for all such insured loans made to any borrower shall not any time exceed $80,000 in the case of a borrower who is or was a student enrolled in a school of medicine, osteopathy, dentistry, veterinary medicine, optometry, or podiatry, and $50,000 in the case of a borrower who is or was a student enrolled in a school of pharmacy, public health, *allied health,* or chiropractic, or a graduate program in health administration or clinical psychology. The annual insurable limit per student shall not be exceeded by a line of credit under which actual payments by the lender to the borrower will not be made in any year in excess of the annual limit.

(b) The insurance liability on any loan insured by the Secretary under this subpart shall be 100 percent of the unpaid balance of the principal amount of the loan plus interest. The full faith and credit of the United States is pledged to the payment of all amounts which may be required to be paid under the provisions of section 733 or 738.

* * * * * * *

ELIGIBILITY OF STUDENT BORROWERS AND TERMS OF FEDERALLY INSURED LOANS

SEC. 731. (a) A loan by an eligible lender shall be insurable by the Secretary under the provisions of this subpart only if—

(1) made to—

(A) a student who—

(i)(I) has been accepted for enrollment at an eligible institution, or (II) in the case of a student attending an eligible institution, is in good standing at that institution, as determined by the institution;

(ii) is or will be a full-time student [as defined in section 770(c)(2)] *(as defined in section 770(c)(2) (As such section was in effect on September 30, 1985))* at the eligible institution;

(iii) has agreed that all funds received under such loan shall be used solely for tuition, other reasonable educational expenses, including fees, books, and laboratory expenses, and reasonable living expenses, incurred by such students; [and]

*(iv) if required under section 3 of the Military Selective Service Act to present himself for and submit to registration under such section, has presented himself and submitted to registration under such section; and*

[(iv)] *(v)* in the case of a pharmacy student, has satisfactorily completed three years of training; or

(B) an individual who—

(i) has previously had a loan insured under this subpart when the individual was a full-time student at an eligible institution;

(ii) is in a period during which, pursuant to paragraph (2), the principal amount of such previous loan need not be paid; [and]

(iii) has agreed that all funds received under the proposed loan shall be used solely for repayment of interest due on previous loans made under this subpart; and

*(iv) if required under section 3 of the Military Selective Service Act to present himself for and submit to registration under such section, has presented himself and submitted to registration under such section; and*

(2) evidenced by a note or other written agreement which—

(A) is made without security and without endorsement, except that if the borrower is a minor and such note or other written agreement executed by him would not, under the applicable law, create a binding obligation, an endorsement may be required;

[(B) provides for repayment of the prinicpal amount of the loan in installments over a period of not less than 10 years (unless sooner repaid) nor more than 25 years beginning not earlier than 9 months nor later than 12 months after the date on which the borrower ceases to be a participant in an accredited internship or residency program or (if he was not a participant in such a program) ceases to carry, at an eligible institution, the normal full-time academic workload as determined by the institution, except (i) as provided in clause (C) below, (ii) that the period of the loan may not exceed 33 years from the date of execution of the note or written agreement evidencing it, and (iii) that the note or other written instrument may contain such provisions relating to repayment in the event of default in the payment of interest or in the payment of the costs of insurance premiums, or other default by the borrower, as may be authorized by regulations of the Secretary in effect at the time the loan is made;]

*(B) provides for repayment of the principal amount of the loan in installments over a period of not less than 10 years (unless sooner repaid) nor more than 25 years beginning not earlier than 9 months nor later than 12 months after the later of—*

*(i) the date on which—*

*(I) the borrower ceases to be a participant in an accredited internship or residency program of not more than four years in duration;*

*(II) the borrower completes the fourth year of an accredited internship or residency program of more than four years in duration; or*

*(III) the borrower, if not a participant in a program described in subclause (I) or (II), ceases to carry, at an eligible institution, the normal full-time academic workload as determined by the institution; or*

*(ii) the date on which a borrower who is a graduate of an eligible institution ceases to be a participant in a fellowship training program not in excess of two years or a participant in a full-time educational activity not in excess of two years, which—*

*(I) is directly related to the health profession for which the borrower prepared at an eligible institution, as determined by the Secretary; and*

*(II) may be engaged in by the borrower during such a two-year period which begins within twelve months after the completion of the borrower's participation in a program described in subclause (I) or (II) of clause (i) or prior to the completion of the borrower's participation in such program,*

*except as provided in subparagraph (C), except that the period of the loan may not exceed 33 years from the date of execution of the note or written agreement evidencing it, and except that the note or other written instrument may contain such provisions relating to repayment in the event of default in the payment of interest or in the payment of the costs of insurance premiums, or other default by the borrower, as may be authorized by regulations of the Secretary in effect at the time the loan is made;*

(C) provides that periodic installments of principal and interest need not be paid, but interest shall accrue, during any period (i) during which the borrower is pursuing a full-time course of study at an eligible institution (or at an institution defined by section 435(b) of the Higher Education Act of 1965), (ii) not in excess of four years during which the borrower is a participant in an accredited internship or residency program *(including any period in such a program described in subclause (I) or subclause (II) of subparagraph (B)(i))*, (iii) not in excess of three years, during which the borrower is a member of the Armed Forces of the United States, (iv) not in excess of three years during which the borrower is in service as a volunteer under the Peace Corps Act, (v) not in excess of three years during which the borrower is a member of the National Health Service Corps, [or] (vi) not in excess of three years during which the borrower is in service as a full-time volunteer under title I of the Domestic Volunteer Service Act of 1973, *or (vii) any period not in excess of two years which is described in subparagraph (B)(ii),* and any such period shall not be included in determining the 25-year period [or the 33-year period] provided in clause (B) above;

* * * * * * *

(b) No maximum rate of interest prescribed and defined by the Secretary for the purpose of paragraph (2)(D) of subsection (a) may exceed the average of the bond equivalent rates of the 91-day Treasury bills auctioned for the previous quarter plus [3½] *3* percentage points, rounded to the next higher one-eighth of 1 percent.

(c) The total of the payments by a borrower during any year or any repayment period with respect to the aggregate amount of all loans to that borrower which are insured under this subpart shall not be less than the annual interest on the outstanding principal, except as provided in [section 731(a)(2)(C)] *subsection (a)(2)(C), unless the borrower, in the written agreement described in subsection (a)(2), agrees to make payments during any year or any repayment period in a lesser amount.*

(d) No provision of any law of the United States (other than subsections (a)(2)(D) and (b) of this section) or of any State that limits the rate or amount of interest payable on loans shall apply to a loan insured under this subpart.

CERTIFICATE OF FEDERAL LOAN INSURANCE—EFFECTIVE DATE OF INSURANCE

SEC. 732. (a)(1) * * *

* * * * * * *

(c)*(1)* The Secretary shall, pursuant to regulations, charge for insurance on each loan under this subpart a premium in an amount not to exceed [2] *4* percent per year of the unpaid principal amount of such loan (excluding interest added to principal), payable [in advance, at such times] *in advance at the time the loan is made* and in such manner as may be prescribed by the Secretary. Such regulations may provide that such premium shall not be payable, or if paid shall be refundable, with respect to any period after default in the payment of principal or interest or after the borrower has died or become totally and permanently disabled, if [(1)] *(A)* notice of such default or other event has been duly given, and [(2)] *(B)* requests for payment of the loss insured against has been made or the Secretary has made such payment on his own motion pursuant to section 733(a).

*(2) The Secretary may not increase the percentage per year on the principal balance of loans charged pursuant to paragraph (1) for insurance premiums, unless the Secretary has, prior to any such increase—*

*(A) requested a qualified public accounting firm to evaluate whether an increase in such percentage is necessary to ensure the solvency of the student loan fund established by section 734, and to determine the amount of such an increase, if necessary; and*

*(B) such accounting firm has recommended such an increase and has determined the amount of such increase necessary to ensure the solvency of such fund.*

*The Secretary may not increase such percentage in excess of the maximum percentage permitted by paragraph (1) or increase such percentage by an amount in excess of the amount of the increase de-*

*termined by a qualified accounting firm pursuant to this paragraph.*

* * * * * * *

STUDENT LOAN INSURANCE FUND

SEC. 734. (a) There is hereby established a student loan insurance fund (hereinafter in this section referred to as the "fund") which shall be available without fiscal year limitation to the Secretary for making payments in connection with the *collection or* default of loans insured by him under this subpart. All amounts received by the Secretary as premium charges for insurance and as receipts, earnings, or proceeds derived from any claim or other assets acquired by the Secretary in connection with his operations under this subpart, and any other moneys, property, or assets derived by the Secretary from his operations in connection with this section, shall be deposited in the fund. All payments in connection with the default of loans insured by the Secretary under this subpart shall be paid from the fund. Moneys in the fund not needed for current operations under this section may be invested in bonds or other obligations quaranteed as to principal and interest by the United States.

(b) If at any time the moneys in the fund are insufficent to make payments in connection with the *collection or* default of any loan insured by the Secretary under this subpart, the Secretary is authorized to issue to the Secretary of the Treasury notes or other obligations in such forms and denominations, bearing such maturities, and subject to such terms and conditions as may be prescribed by the Secretary with the approval of the Secretary of the Treasury, but only in such amounts as may be specified from time to time in appropriation Acts. Such notes or other obligations shall bear interest at a rate determined by the Secretary of the Treasury, taking into consideration the current average market yield on outstanding marketable obligations of the United States of comparable maturities during the month preceding the issuance of the notes or other obligations. The Secretary of the Treasury shall purchase any notes and other obligations issued hereunder and for that purpose he is authorized to use as a public debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under that Act, as amended, are extended to include any purchase of such notes and obligations. The Secretary of the Treasury may at any time sell any of the notes or other obligations acquired by him under this subsection. All redemptions, purchases, and sales by the Secretary of the Treasury of such notes or other obligations shall be treated as public debt transactions of the United States. Sums borrowed under this subsection shall be deposited in the fund and redemption of such notes and obligations shall be made by the Secretary from such fund.

* * * * * * *

DEFINITIONS

SEC. 737. As used in this subpart:

(1) The term "eligible institution" means, with respect to a fiscal year, a school of medicine, osteopathy, dentistry, veterinary medicine, optometry, podiatry, pharmacy, public health, *allied health* or chiropractic, or a graduate program in health administration or clinical psychology.

[(2) The term "school of chiropractic" means a school in a State which provides training leading to a degree of doctor of chiropractic or an equivalent degree and which is accredited in the manner described in section 701(5).]

[(3) The term "graduate program in clinical psychology" means a graduate program in a public or nonprofit private institution in a State which provides training leading to a doctoral degree in clinical psychology of an equivalent degree and which is accredited in the manner described in section 701(5).]

[(4)] *(2)* The term"eligible lender" means an eligible institution, an agency or instrumentality of a State, a financial or credit institution (including an insurance company) which is subject to examination and supervision by an agency of the United States or of any State, or a pension fund approved by the Secretary for this purpose.

[(5)] *(3)* The term"line of credit" means an arrangement or agreement between the lender and the borrower whereby a loan is paid out by the lender to the borrower in annual installments, or whereby the lender agrees to make, in addition to the initial loan, additional loans in subsequent years.

*(4) The term "school of allied health" means a program in a school of allied health (as defined in section 701(10) which leads to a masters' degree or a doctoral degree.*

* * * * * * *

## Subpart II—Students Loans

### LOAN AGREEMENTS

SEC. 740. (a) * * *

(b) Each agreement entered into under this section shall—

(1) provide for establishment of a student loan fund by the school;

(2) provide for deposit in the fund of (A) the Federal capital contributions to the fund, (B) an amount equal to not less than one-ninth of such Federal capital contributions, contributed by such institution, (C) collections of principal and interest on loans made from the fund, (D) collections pursuant to section 741(j), and (E) any other earnings of the fund;

(3) provide that the fund shall be used only for loans to students of the school in accordance with the agreement and for costs of collection of such loans and interest thereon;

(4) provide that loans may be made from such funds only to students pursuing a full-time course of study at the school leading to a degree of doctor of medicine, doctor of dentistry or an equivalent degree, doctor of osteopathy, bachelor of science in pharmacy or an equivalent degree, *doctor of pharmacy or an equivalent degree,* doctor of podiatry or an equivalent degree,

doctor of optometry or an equivalent degree, or doctor of veterinary medicine or an equivalent degree;

(5) provide that the school shall advise, in writing, each applicant for a loan from the student loan fund of the provisions of section 741 under which outstanding loans from the student loan fund may be paid (in whole or in part) by the Secretary; and

(6) contain such other provisions as are necessary to protect the financial interests of the United States.

*(c)(1) Any standard established by the Secretary by regulation for the collection by schools of medicine, osteopathy, dentistry, pharmacy, podiatry, optometry, or veterinary medicine of loans made pursuant to loan agreements under this subpart shall provide that the failure of any such school to collect such loans shall be measured in accordance with this subsection.*

*(2) The measurement of a school's failure to collect loans made under this subpart shall be the ratio (stated as a percentage) that the defaulted principal amount outstanding of such school bears to the matured loans of such school.*

*(3) For purposes of this subsection—*

*(A) the term "default" means the failure of a borrower of a loan made under this subpart to—*

*(i) make an installment payment when due; or*

*(ii) comply with any other term of the promissory note for such loan,*

*except that a loan made under this subpart shall not be considered to be in default if the loan is discharged in bankruptcy or if the school reasonably concludes from written contacts with the borrower that the borrower intends to repay the loan;*

*(B) the term "defaulted principal amount outstanding" means the total amount borrowed from the loan fund of a school that has reached the repayment stage (minus any principal amount repaid or cancelled) on loans—*

*(i) repayable monthly and in default for at least 120 days; and*

*(ii) repayable less frequently than monthly and in default for at least 180 days;*

*(C) the term "grace period" means the period of one year beginning on—*

*(i) the date on which the borrower ceases to pursue a full-time course of study at a school of medicine, osteopathy, dentistry, pharmacy, podiatry, optometry, or veterinary medicine; or*

*(ii) the date on which ends any period described in paragraph (1) or (2) of section 741(c) which is applicable to such borrower,*

*whichever is later; and*

*(D) the term 'matured loans' means the total principal amount of all loans made by a school under this subpart minus the total principal amount of loans made by such school to students who are—*

*(i) enrolled in a full-time course of study at such school; or*

*(ii) in their first grace period.*

LOAN PROVISIONS

SEC. 741. (a) * * *

(b) Any such loans shall be made on such terms and conditions as the school may determine, but may be made only to a student *(1) who is* in need of the amount thereof to pursue a full-time course of study at the school leading to a degree of doctor of medicine, doctor of dentistry or an equivalent degree, doctor of osteopathy, bachelor of science in pharmacy or an equivalent degree, *doctor of pharmacy or an equivalent degree,* doctor of podiatry or an equivalent degree, doctor of optometry or an equivalent degree, or doctor of veterinary medicine or an equivalent degree, *(2) who, if pursuing a full-time course of study at the school leading to a degree of doctor of medicine or doctor of osteopathy, is of exceptional financial need (as defined by regulations of the Secretary), and (3) who, if required under section 3 of the Military Selective Service Act to present himself for and submit to registration under such section, has presented himself and submitted to registration under such section.*

[(c) Such loans shall be repayable in equal or graduated periodic installments (with the right of the borrower to accelerate repayment) over the ten-year period which begins one year after the student ceases to pursue a full-time course of study at a school of medicine, osteopathy, dentistry, pharmacy, podiatry, optometry, or veterinary medicine, excluding from such ten-year period all periods (up to three years) of (1) active duty performed by the borrower as a member of a uniformed service, or (2) service as a volunteer under the Peace Corps Act; and periods of advanced professional training including internships and residences.]

*(c) Such loans shall be repayable in equal or graduated periodic installments (with the right of the borrower to accelerate repayment) over the ten-year period which begins one year after the student ceases to pursue a full-time course of study at a school of medicine, osteopathy, dentistry, pharmacy, podiatry, optometry, or veterinary medicine, excluding from such ten-year period—*

*(1) all periods—*

*(A) not in excess of three years of active duty performed by the borrower as a member of a uniformed service;*

*(B) not in excess of three years during which the borrower serves as a volunteer under the Peace Corps Act; and*

*(C) during which the borrower participates in advanced professional training, including internships and residencies; and*

*(2) a period—*

*(A) not in excess of two years during which a borrower who is a full-time student in such a school leaves the school, with the intent to return to such school as a full-time student, in order to engage in a full-time educational activity which is directly related to the health profession for which the individual is preparing, as determined by the Secretary; or*

*(B) not in excess of two years during which a borrower who is a graduate of such a school is a participant in a fel-*

*lowship training program or a full-time educational activity which—*

*(i) is directly related to the health profession for which such borrower prepared at such school, as determined by the Secretary; and*

*(ii) may be engaged in by the borrower during such a two-year period which begins within twelve months after the completion of the borrower's participation in advanced professional training described in paragraph (1)(C) or prior to the completion of such borrower's participation in such training.*

(d) The liability to repay the unpaid balance of such a loan and accrued interest thereon shall be canceled upon the death of the borrower, or if the Secretary determines that he has become permanently, and totally disabled.

(e) Such loans shall bear interest, on the unpaid balance of the loan, computed only for periods for which the loan is repayable, at the rate of 9 percent per year.

(f)(1) In the case of any individual—

(A) who has received a degree of doctor of medicine, doctor of osteopathy, doctor of dentistry or an equivalent degree, doctor of veterinary medicine or an equivalent degree, doctor of optometry or an equivalent degree, bachelor of science in pharmacy or an equivalent degree, *doctor of pharmacy or an equivalent degree*, or doctor of podiatry or an equivalent degree;

(B) who (i) obtained one or more loans from a loan fund established under this subpart, or (ii) obtained, under a written loan agreement entered into before October 12, 1976, any other educational loan for his costs at a school of medicine, osteopathy, dentistry, veterinary medicine, optometry, pharmacy, or podiatry; and

(C) who enters into an agreement with the Secretary to practice his profession (as a member of the National Health Service Corps or otherwise) for a period of at least two years in an area in a State in a health manpower shortage area designated under section 332;

the Secretary shall make payments in accordance with paragraph (2), for and on behalf of that individual, on the principal of and interest on any loan of his described in subparagraph (B) of this paragraph which is outstanding on the date he begins the practice specified in the agreement described in subparagraph (C) of this paragraph.

* * * * * * *

**[**(i) Where all or any part of a loan, or interest, is canceled under this section, the Secretary shall pay to the school an amount equal to the school's proportionate share of the canceled portion, as determined by the Secretary.**]**

*(i) Subject to regulations of the Secretary, a school may assess a charge with respect to loans made under this subpart to cover the costs of insuring against cancellation of liability under subsection (d).*

(j) Subject to regulations of the Secretary *and in accordance with this section,* a school **[**may**]** *shall* assess a charge with respect to a

loan made under this subpart for failure of the borrower to pay all or any part of an installment when it is due and, in the case of a borrower who is entitled to deferment of the loan under subsection (c) or cancellation of part or all of the loan under subsection (f), for any failure to file timely and satisfactory evidence of such entitlement. [The amount of any such charge may not exceed $1 for the first month or part of a month by which such installment or evidence is late and $2 for each such month or part of a month thereafter.] *No such charge may be made if the payment of such installment or the filing of such evidence is made within 60 days after the date on which such installment or filing is due. The amount of any such charge may not exceed an amount equal to 6 percent of the amount of such installment.* The school may elect to add the amount of any such charge to the principal amount of the loan as of the first day after the day on which such installment or evidence was due, or to make the amount of the charge payable to the school not later than the due date of the next installment after receipt by the borrower of notice of the assessment of the charge.

* * * * * * *

*(m) The Secretary is authorized to attempt to collect any loan which was made under this subpart, which is in default, and which was referred to the Secretary by a school with which the Secretary has an agreement under this subpart, on behalf of that school under such terms and conditions as the Secretary may prescribe (including reimbursement from the school's student loan fund for expenses the Secretary may reasonably incur in attempting collection), but only if the school has complied with such requirements as the Secretary may specify by regulation with respect to the collection of loans under this subpart. A loan so referred shall be treated as a debt subject to section 5514 of title 5, United States Code. Amounts collected shall be deposited in the school's student loan fund. Whenever the Secretary desires the institution of a civil action regarding any such loan, the Secretary shall refer the matter to the Attorney General for appropriate action.*

AUTHORIZATION OF APPROPRIATIONS

SEC. 742. (a) * * *

(b)(1) The Secretary shall from time to time set dates by which schools must file applications for Federal capital contributions.

(2) If the total of the amounts requested for any fiscal year in such applications exceeds the amounts appropriated under this section for that fiscal year, the allotment to the loan fund of each such school shall be reduced to whichever of the following is the smaller: (A) the amount requested in its application or (B) an amount which bears the same ratio to the amounts appropriated as the number of students estimated by the Secretary to be enrolled in such school during such fiscal year bears to the estimated total number of students in all such schools during such year. Amounts remaining after allotment under the preceding sentence shall be reallotted in accordance with clause (B) of such sentence among schools whose applications requested more than the amounts so allotted to their loan funds, but with such adjustments as may be

necessary to prevent the total allotted to any such schools' loan fund from exceeding the total so requested by it.

(3) Funds available in any fiscal year for payment to schools under this subpart which are in excess of the amount appropriated pursuant to this section for that year shall be allotted among schools in such manner as the Secretary determines will best carry out the purposes of this subpart.

(4) Allotments to a loan fund of a school shall be paid to it from time to time in such installments as the Secretary determines will not result in unnecessary accumulations in the loan fund at such school.

*(5) Any funds from a student loan fund established under this subpart which are returned to the Secretary in any fiscal year shall be available for allotment under this subpart, in such fiscal year and the fiscal year succeeding such fiscal year, to schools which, during the period beginning on July 1, 1972, and ending on September 30, 1985, established student loan funds with Federal capital contributions under this subpart.*

DISTRIBUTION OF ASSETS FROM LOAN FUNDS

SEC. 743. (a) After September 30, [1987,] *1991,* and not later than December 31, 1987, there shall be a capital distribution of the balance of the loan fund established under an agreement pursuant to section 740(b) by each school as follows:

(1) The Secretary shall first be paid an amount which bears the same ratio to such balance in such fund at the close of September 30, [1987,] *1991,* as the total amount of the Federal capital contributions to such fund by the Secretary pursuant to section 740(b)(2)(A) bears to the total amount in such fund derived from such Federal capital contributions and from funds deposited therein pursuant to section 740(b)(2)(B).

(2) The remainder of such balance shall be paid to the school.

(b) After December 31, [1987,] *1991,* each school with which the Secretary has made an agreement under this subpart shall pay to the Secretary, not less often than quarterly, the same proportionate share of amounts received by the school after September 30, [1987,] *1991,* in payment of principal or interest on loans made from the loan fund established pursuant to such agreement as was determined for the Secretary under subsection (a).

* * * * * * *

*STUDENT LOAN INFORMATION BY INSTITUTIONS*

*SEC. 745. (a) With respect to loans made by a school under this subpart after June 30, 1986, each school, in order to carry out the provisons of sections 740 and 741, shall, at any time such school makes such a loan to a student under this subpart, provide thorough and adequate loan information on loans made under this subpart to the student. The loan information required to be provided to the student by this subsection shall include—*

*(1) the yearly and cumulative maximum amounts that may be borrowed by the student;*

*(2) the terms under which repayment of the loan will begin;*

*(3) the maximum number of years in which the loan must be repaid;*

*(4) the interest rate that will be paid by the borrower and the minimum amount of the required monthly payment;*

*(5) the amount of any other fees charged to the borrower by the lender;*

*(6) any options the borrower may have to deferral, cancellation, prepayment, consolidation, or other refinancing of the loan;*

*(7) a definition of default on the loan and a specification of the consequences which will result to the borrower if the borrower defaults, including a description of any arrangements which may be made with credit bureau organizations;*

*(8) to the extent practicable, the effect of accepting the loan on the eligibility of the borrower for other forms of student assistance; and*

*(9) a description of the actions that may be taken by the Federal Government to collect the loan, including a description of the type of information concerning the borrower that the Federal Government may disclose to (A) officers, employees, or agents of the Department of Health and Human Services, (B) officers, employees, or agents of schools with which the Secretary has an agreement under this subpart, or (C) any other person involved in the collection of a loan under this subpart.*

*(b) Each school shall, immediately prior to the graduation from such school of a student who received a loan under this subpart after June 30, 1986, provide such student with a statement specifying—*

*(1) each amount borrowed by the student under this subpart;*

*(2) the total amount borrowed by the student under this subpart; and*

*(3) a schedule for the repayment of the amounts borrowed under this subpart, including the number, amount, and frequency of payments to be made.*

*PROCEDURES FOR APPEAL OF TERMINATIONS*

*SEC. 746. In any case in which the Secretary intends to terminate an agreement with a school under this subpart, the Secretary shall provide the school with a written notice specifiying such intention and stating that the school may request a formal hearing with respect to such termination. If the school requests such a hearing within 30 days after the receipt of such notice, the Secretary shall provide such school with a hearing conducted by an administrative law judge.*

*DEFINITION*

*SEC. 747. For purposes of this subpart, the term 'school of pharmacy' means a public or nonprofit private school in a State that provides training leading to a degree of bachelor of science in pharmacy or an equivalent degree or a degree of doctor of pharmacy or*

*an equivalent degree and which is accredited in the manner described in section 701(5).*

* * * * * * *

## Subpart V—Other Scholarships

### SCHOLARSHIPS FOR FIRST-YEAR STUDENTS OF EXCEPTIONAL FINANCIAL NEED

SEC. 758. (a) * * *

(b)(1) Scholarships may be awarded by a school from a grant under subsection (a) only to individuals who have been accepted by it for enrollment as full-time students in their first year of study at such school.

[(2) A scholarship awarded to a student for a school year under a grant made under subsection (a) shall be the scholarship described in section 751(g).]

*(2) A scholarship provided to a student for a school year under a grant under subsection (a) shall consist of—*

*(A) payment to, or (in accordance with paragraph (4)) on behalf of, the student of the amount (except as provided in section 710) of—*

*(i) the tuition of the student in such school year; and*

*(ii) all other reasonable educational expenses, including fees, books, and laboratory expenses, incurred by the student in such school year; and*

*(B) payment to the student of a stipend of $400 per month (adjusted in accordance with paragraph (5)) for each of the 12 consecutive months beginning with the first month of such school year.*

*(3) Notwithstanding paragraph (2), the total scholarship award to a student for each year shall not exceed the cost of attendance for that year at the educational institution attended by the student (as determined by such educational institution).*

*(4) The Secretary may contract with an educational institution in which is enrolled a student who has received a scholarship with a grant under subsection (a) for the payment to the educational institution of the amounts of tuition and other reasonable educational expenses described in paragraph (2)(A). Payment to such an educational institution may be made without regard to section 3324 of title 31, United States Code.*

*(5) The amount of the monthly stipend, specified in paragraph (2)(B) and as previously adjusted (if at all) in accordance with this paragraph, shall be increased by the Secretary for each school year by an amount (rounded to the next highest multiple of $1) equal to the amount of such stipend multiplied by the overall percentage (as set forth in the report transmitted to the Congress under section 5305 of title 5, United States Code) of the adjustment (if such adjustment is an increase) in the rates of pay under the General Schedule made effective in the fiscal year in which such school year ends."*

[(3)](*6*) For purposes of this section, the term "first year of study" means, with respect to a student of a school other than a

school of pharmacy, the student's first year of postbaccalaureate study at such school.

(c) The Secretary shall give priority in distributing grants under subsection (a) to schools of medicine, osteopathy, and dentistry.

(d) For the purpose of making grants under this section, there is authorized to be appropriated $16,000,000 for the fiscal year ending September 30, 1978, $17,000,000 for the fiscal year ending September 30, 1979, $18,000,000 for the fiscal year ending September 30, 1980, $6,000,000 for the fiscal year ending September 30, 1982, $6,500,000 for the fiscal year ending September 30, 1983, [and] $7,000,000 for the fiscal year ending September 30, 1984, *$7,000,000 for the fiscal year ending September 30, 1986, $7,000,000 for the fiscal year ending September 30, 1987, and $7,000,000 for the fiscal year ending September 30, 1988.*

* * * * * * * *

[PART D—GRANTS TO PROVIDE PROFESSIONAL AND TECHNICAL TRAINING IN THE FIELD OF FAMILY MEDICINE

[DECLARATION OF PURPOSE

[SEC. 761. It is the purpose of this part to provide for the making of grants to assist—

[(1) public and private nonprofit medical schools—

[(A) to operate, as an integral part of their medical education program, separate and distinct departments devoted to providing teaching and instruction (including continuing education) in all phases of family practice;

[(B) to construct such facilities as may be appropriate to carry out a program of training in the field of family medicine whether as a part of a medical school or as separate outpatient or similar facility;

[(C) to operate, or participate in, special training program for paramedical personnel in the field of family medicine; and

[(D) to operate, or participate in, special training programs to teach and train medical personnel to head departments of family practice or otherwise teach family practice in medical schools; and

[(2) public and private nonprofit hospitals which provide training programs for medical students, interns, or residents—

[(A) to operate, as an integral part of their medical training programs, special professional training programs (including continuing education) in the field of family medicine for medical students, interns, residents, or practicing physicians;

[(B) to construct such facilities as may be appropriate to carrry out a program of training in the field of family medicine whether as a part of a hospital or as a separate outpatient or similar facility;

[(C) to provide financial assistance (in the form of scholarships, fellowships, or stipends) to interns, residents, or other medical personnel who are in need thereof, who are participants in a program of such hospital which provides

special training (accredited by a recognized body or bodies approved for such purpose by the Commissioner of Education) in the field of family medicine, and who plan to specialize or work in the practice of family medicine; and

[(D) to operate, or participate in, special training programs for paramedical personnel in the field of family medicine.

[AUTHORIZATION OF APPROPRIATIONS

[SEC. 762. (a) For the purpose of making grants to carry out the purposes of this part, there are authorized to be appropriated $50,000,000 for the fiscal year ending June 30, 1971, $75,000,000 for the fiscal year ending June 30, 1972, and $100,000,000 for the fiscal year ending June 30, 1973.

[(b) Sums appropriated pursuant to subsection (a) any fiscal year shall remain available for the purpose for which appropriated until the close of the fiscal year which immediately follows such year.

[GRANTS BY SECRETARY

[SEC. 763. (a) From the sums appropriated pursuant to section 762, the Secretary is authorized to make grants in accordance with the provisions of this part, to carry out the purposes of section 761.

[(b) No grants shall be made under this part unless an application therefor has been submitted to, and approved by, the Secretary. Such application shall be in such form, submitted in such manner, and contain such information, as the Secretary shall have prescribed by regulations which have beeen promulgated by him and published in the Federal Register not later than six months after the date of enactment of this part.

[(c) Grants under this part shall be in such amounts and subject to such limitations and conditions as the Secretary may determine to be proper to carry out the purposes of this part.

[(d) In the case of any application for a grant any part of which is to be used for major construction or remodeling of any facility, the Secretary shall not approve the part of the grant which is to be so used unless the recipient of such grant enters into appropriate arrangements with the Secretary which will equitably protect the financial interests of the United States in the event such facility ceases to be used for the purpose for which such grant or part thereof was made prior to the expiration of the twenty-year period which commences on the date such construction or remodeling is completed.

[(e) Grants made under this part shall be used only for the purpose for which made and may be paid in advance or by way of reimbursement, and in such installments, as the Secretary may determine.

[ELIGIBILITY FOR GRANTS

[SEC. 764. (a) In order for any medical school to be eligible for a grant under this part, such school—

[(1) must be a public or other nonprofit school of medicine; and

[(2) must be accredited as a school of medicine by a recognized body or bodies approved for such purpose by the Commissioner of Education, except that the requirements of this clause shall be deemed to be satisfied, if (A) in the case of a school of medicine which by reason of no, or an insufficient, period of operation, is not, at the time of application for a grant under this part, eligible for such accreditation, the Commissioner finds, after consultation with the appropriate accreditation body or bodies, that there is reasonable assurance that the school will meet the accreditation standards of such body or bodies prior to the beginning of the academic year following the normal graduation date of students who are in their first year of instruction at such school during the fiscal year in which the Secretary makes a final determination as to approval of the application.

[(b) In order for any hospital to be eligible for a grant under this part, such hospital—

[(1) must be a public or private nonprofit hospital; and

[(2) must conduct or be prepared to conduct in connection with its other activities (whether or not as an affiliate of a school of medicine) one or more programs of medical training for medical students, interns, or residents, which is accredited by a recognized body or bodies, approved for such purpose by the Commissioner of Education.

[APPROVAL OF GRANTS

[SEC. 765. (a) The Secretary, upon the recommendation of the Advisory Council on Family Medicine, is authorized to make grants under this part upon the determination that—

[(1) the applicant meets the eligibility requirements set forth in section 764;

[(2) the applicant has complied with the requirements of section 763;

[(3) the grant is to be used for one or more of the purposes set forth in section 761;

[(4) it contains such information as the Secretary may require to make the determinations required of him under this section and such assurances as he may find necessary to carry out the purposes of this part;

[(5) it provides for such fiscal control and accounting procedures and reports, and access to the records of the applicant, as the Secretary may require (pursuant to regulations which shall have been promulgated by him and published in the Federal Register) tc assure proper disbursement of and accounting for all Federal funds paid to the applicant under this part; and

[(6) the application contains or is supported by adequate assurance that any laborer or mechanic employed by any contractor or subcontractor in the performance of work on the construction of the facility will be paid wages at rates not less than those prevailing on similar construction in the locality as determined by the Secretary of Labor in accordance with the Davis-Bacon Act, as amended (40 U.S.C. 276a–276a5). The Sec-

retary of Labor shall have, with respect to the labor standards specified in this paragraph, the authority and functions set forth in Reorganization Plan Numbered 14 of 1950 (15 F.R. 3176; 65 Stat. 1267), and section 2 of the Act of June 13, 1934, as amended (40 U.S.C. 276c).

[(b) The Secretary shall not approve any grant to—

[(1) a school of medicine to establish or operate a separate department devoted to the teaching of family medicine unless the Secretary is satisified that—

[(A) such department is (or will be, when established) of equal standing with the other departments within such school which are devoted to the teaching of other medical specialty disciplines; and

[(B) such department will, in terms of the subjects offered and the type and quality of instruction provided, be designed to prepare students thereof to meet the standards established for specialists in the specialty of family practice by a recognized body approved by the Commissioner of Education; or

[(2) a hospital to establish or operate a special program for medical students, interns, or residents in the field of family medicine unless the Secretary is satisfied that such program will, in terms of the type of training provided, be designed to prepare participants therein to meet the standards established for specialists in the field of family medicine by a recognized body approved by the Commissioner of Education.

[(c) The Secretary shall not approve any grant under this part unless the applicant therefor provides assurances satisficatory to the Secretary that funds made available through such grant will be so used as to supplement and, to the extent practical, increase the level of non-Federal funds which would, in the absence of such grant, be made available for the purpose for which such grant is requested.

[PLANNING AND DEVELOPMENTAL GRANTS

[SEC. 766. (a) For the purpose of assisting medical schools and hospitals (referred to in section 761) to plan or develop programs or projects for the purpose of carrying out one or more of the purposes set forth in such section, the Secretary is authorized for any fiscal year (prior to the fiscal year which ends June 30, 1973) to make planning and developmental grants in such amounts and subject to such conditions as the Secretary may determine to be proper to carry out the purposes of this section.

[(b) From the amounts appropriated in any fiscal year (prior to the fiscal year ending June 30, 1973) pursuant to section 762(a), the Secretary may utilize such amounts as he deems necessary (but not in excess of $8,000,000 for any fiscal year) to make the planning and developmental grants authorized by subsection (a).

[ADVISORY COUNCIL ON FAMILY MEDICINE

[SEC. 767. (a) The Secretary shall appoint an Advisory Council on Family Medicine (hereinafter in this section referred to as the "Council"). The Council shall consist of twelve members, four of

whom shall be physicians engaged in the practice of family medicine, four of whom shall be physicians engaged in the teaching of family medicine, three of whom shall be representatives of the general public, and one of whom shall, at the time of his appointment, be an intern in family medicine. Members of the Council shall be individuals who are not otherwise in the regular full-time employ of the United States.

[(b)(1) Except as provided in paragraph (2), each member of the Council shall hold office for a term of four years, except that any member appointed to fill a vacancy prior to the expiration of the term for which his predecessor was appointed shall be appointed for the remainder of such term, and except that the terms of office of the members first taking office shall expire, as designated by the Secretary at the time of appointment, three at the end of the first year, three at the end of the second year, three at the end of the third year, and three at the end of the fourth year, after the date of appointment.

[(2) The member of the Council appointed as an intern in family medicine shall serve for one year.

[(3) A member of the Council shall not be eligible to serve continuously for more than two terms.

[(c) Members of the Council shall be appointed by the Secretary without regard to the provisions of title 5, United States Code, governing appointments in the competitive service. Members of the Council, while attending meetings or conferences thereof or otherwise serving on business of the Council, shall be entitled to receive compensation at rates fixed by the Secretary but not exceeding $100 per day, including travetime, and while so serving away from their homes or regular places of business they may be allowed travel expenses, including per diem in lieu of subsistence, as authorized by section 5703 of title 5, United States Code, for persons in Government service, employed intermittently.

[(d) The Council shall advise and assist the Secretary in the preparation of regulations for, and as to policy matters arising with respect to, the administration of this part. The Council shall consider all applications for grants under this part and shall make recommendations to the Secretary with respect to approval of applications for, and of the amount of, grants under this part.

[DEFINITIONS

[SEC. 768. For purposes of this part—

[(1) the term "nonprofit" as applied to any hospital or school of medicine means a school of medicine or hospital which is owned and operated by one or more nonprofit corporations or associations, no part of the net earnings of which inures, or may lawfully inure, to the benefit of any private shareholder or individual;

[(2) the term "family medicine" means those certain principles and techniques and that certain body of medical, scientific, administrative, and other knowledge and training, which especially equip and prepare a physician to engage in the practice of family medicine;

[(3) the term "practice of family medicine" and the term "practice", when used in connection with the term "family medicine", mean the practice of medicine by a physician (licensed to practice medicine and surgery by the State in which he practices his profession) who specializes in providing to families (and members thereof) comprehensive, continuing, professional care and treatment of the type necessary or appropriate for their general health maintenance; and

[(4) the term "construction" includes construction of new buildings, acquisition, expansion, remodeling, and alteration of existing buildings and initial equipment of any such buildings, including architects' fees, but excluding the cost of acquisition of lands or offsite improvements.

[GRANTS FOR TRAINING, TRAINEESHIPS, AND FELLOWSHIPS IN FAMILY MEDICINE

[SEC. 767. There are authorized to be appropriated $25,000,000 for the fiscal year ending June 30, 1972, $35,000,000 for the fiscal year ending June 30, 1973, $40,000,000 each for the fiscal years ending June 30, 1974, June 30, 1975, and June 30, 1976, and $39,000,000 for the fiscal year ending September 30, 1977, for grants by the Secretary to any public or nonprofit private hospital—

[(1) to plan, develop, and operate, or participate in, an approved professional training program (including continuing education and approved residency programs in family practice) in the field of family medicine for medical students, interns, residents, or practicing physicians;

[(2) to provide financial assistance (in the form of traineeships and fellowships) to medical students, interns, residents, practicing physicians, or other medical personnel, who are in need thereof, who are participants in any such program, and who plan to specialize or work in the practice of family medicine; and

[(3) to plan, develop, and operate, or participate in, other approved training programs in the field of family medicine.

[GRANTS FOR SUPPORT OF POSTGRADUATE TRAINING PROGRAMS FOR PHYSICIANS AND DENTISTS

[SEC. 768. (a) There are authorized to be appropriated $7,500,000 for the fiscal year ending June 30, 1973, and $15,000,000 each for the fiscal years ending June 30, 1974, June 30, 1975, and June 30, 1976, for grants under subsection (b).

[(b)(1) The Secretary shall make annual grants in accordance with this section to—

[(A) public or nonprofit private schools of medicine, osteopathy, or dentistry, which are accredited as provided in section 721(b)(1), and which have approved applications, and

[(B) public or nonprofit private hospitals which are not affiliated with an accredited school of medicine, osteopathy, or dentistry, and which have approved applications,

to assist in meeting the educational costs of the first three years of full-time approved graduate training programs in the area of pri-

mary care or in any other area of health care (designated under subsection (c)(3)(B)) in which there is a shortage of qualified physicians or dentists.

[(2) The amount of a grant under this subsection for any fiscal year to any school or hospital shall be equal to $3,000 for each physician or dentist enrolled in a graduate training program (A) described in paragraph (1) of this subsection, and (B) in the case of a grant to a school, conducted in clinical facilities of such schools or with which such a school has a written agreement of affiliation, or, in the case of a grant to a hospital, conducted in such hospital; except that if the total of the grants to be made under this subsection for any fiscal year to schools and hospitals with approved applications exceeds the amounts appropriated under subsection (a) for such grants, the amount of the grant for that fiscal year to each such school or hospital shall be an amount which bears the same ratio to the amount determined for the school or hospital for that fiscal year under the preceding sentence as the total of the amounts appropriated under subsection (a) for that year bears to the amount required to make grants to each school in accordance with such sentence.

[(3) For purposes of paragraph (2), the Secretary shall—

[(A) in the case of a grant in the fiscal year ending June 30, 1973, count only the number of first-year physicians and dentists enrolled in graduate training programs described in paragraph (1), and

[(B) in the case of a grant in the fiscal year ending June 30, 1974, or in the next 2 fiscal years count only the number of first- and second-year physicians and dentists enrolled in graduate training programs described in paragraph (1).

[(c)(1) The Secretary may from time to time set dates (not earlier then the fiscal year preceding the year for which a grant is sought) by which applicants for grants under subsection (b) for any fiscal year must be filed.

[(2) A grant under subsection (b) may be made only if the application therefor—

[(A) is approved by the Secretary upon his determination that the applicant meets the eligibility conditions set forth in paragraph (1) of such subsection;

[(B) contains a specific program or programs which such applicant has undertaken to encourage physicians and dentists to enroll in graduate training programs described in paragraph (1) of this subsection;

[(C) contains or is supported by assurances that such applicant will increase the number of graduate training positions open to physicians and dentists in such graduate training programs;

[(D) provides for such fiscal control and accounting procedures, and access to the records of the applicant, as the Secretary may require to assure proper disbursement of and accounting for any such grant;

[(E) contains a statement in such detail as the Secretary may determine necessary, describing the manner in which any grant made under subsection (b) will be applied to meet the educational costs of the graduate training program for which

the grant is made, including any payments from a grant proposed to be made by an applicant which is a school to any clinical facility which participates in such training program under a written agreement of affiliation with the applicant and which shares in the payment of the educational costs of such program; and

[(F) contains such additional information as the Secretary may require to make the determinations required of him under this section, and such assurances as he may find necessary.

[(3) The Secretary—

[(A) shall not approve or disapprove any application for a grant under subsection (b) except after consultation with the National Advisory Council on Health Profession Education;

[(B) shall define in consultation with such Council, those health care fields included within the term "primary health care" and shall designate any other areas of health care in which there is a shortage of qualified physicians and dentists; and

[(C) shall, on an annual basis, esablish guidelines specifying such absolute or percentage increases in the numbers of physicians or dentists receiving full-time graduate training which any applicant receiving a grant under subsection (b) as may be required to meet as a condition of such a grant.

[GRANTS FOR TRAINING TRAINEESHIPS, AND FELLOWSHIPS FOR HEALTH PROFESSIONS TEACHING PERSONNEL

[SEC. 769. (a) There are authorized to be appropriated $10,000,000 for the fiscal year ending June 30, 1972, $15,000,000 for the fiscal year ending June 30, 1973, and $20,000,000 each for the fiscal years ending June 30, 1974, June 30, 1975, and June 30, 1976, for grants under this section.

[(b) The Secretary may make grants under this section to public and nonprofit private schools of medicine, dentistry, osteopathy, podiatry, optometry, pharmacy, and veterinary medicine (as such schools are defined in section 724) for training (at such schools or elsewhere), and traineeships and fellowships for the advanced training, of individuals to enable them to teach, or improve their teaching skills, in the medical, dential osteopathic, podiatric, optometric, pharmaceutical, or veterinary medicine fields.

[(c) Not less than 75 per centum of any grant under this section to any school shall be used by the school for traineeships and fellowships.

[GRANTS FOR COMPUTER TECHNOLOGY HEALTH CARE DEMONSTRATION PROGRAMS

[SEC. 769A. There are authorized to be appropriated $5,000,000 for the fiscal year ending June 30, 1972, $10,000,000 for the fiscal year ending June 30, 1973, and $15,000,000 each for the fiscal years ending June 30, 1974, June 30, 1975, June 30, 1976, and September 30, 1977, for grants by the Secretary to public or nonprofit private schools, agencies, organizations, or institutions, and combinations thereof, to—

[(1) plan and develop free-standing or university-based computer laboratories which would establish computer-based systems, including compatible languages, standard terminologies, communication networks, and decisionemaking strategies, to enable the utilization of modern computer technologies by physicians and other health personnel in the provision of health services and in the processing of biomedical information relating to the provision of such services; and

[(2) research through computer technology the functions performed by physicians to determine which functions could be appropriately transferred and performed by other appropriately trained personnel.

[GENERAL PROVISIONS

[SEC. 769B. (a) No grant may be made under sections 767, 769, and 769A unless an application therefor has been submitted to, and approved by, the Secretary. Such application shall be in such form, submitted in such manner, and contain such information, as the Secretary shall by regulation prescribe.

[(b) Payments by recipients of grants under sections 767 and 769A for (1) traineeships shall be limited to such amounts as the Secretary finds necessary to cover the cost of tuition and fees of, and stipends and allowances (including travel and subsistence expenses and dependency allowances) for, the trainees; and (2) fellowships shall be limited to such amounts as the Secretary finds necessary to cover the cost of advanced study by, and stipends and allowances (including travel and subsistence expenses and dependency allowances) for, the fellows.

[(c) The amount of any grant under section 767, 769, or 769A shall be determined by the Secretary. Payments under such grants may be made in advance or by way of reimbursement, and at such intervals and on such conditions, as the Secretary finds necessary.]

[PART E—GRANTS TO IMPROVE THE QUALITY OF SCHOOLS OF MEDICINE, OSTEOPATHY, DENTISTRY, PUBLIC HEALTH, VETERINARY MEDICINE, OPTOMETRY, PHARMACY, AND PODIATRY]

*PART E—GRANTS TO IMPROVE THE QUALITY OF SCHOOLS OF PUBLIC HEALTH*

[CAPITATION GRANTS

[SEC. 770. (a) GRANT COMPUTATION.—The Secretary shall make annual grants to schools of medicine, osteopathy, dentistry, public health, veterinary medicine, optometry, pharmacy, and podiatry for the support of the education programs of such schools. The amount of the annual grant to each such school with an approved application shall be computed for each fiscal year as follows:

[(1) Each school of medicine, osteopathy, and dentistry shall receive—

[(A) for the fiscal year ending September 30, 1978, $2,000 for each full-time student enrolled in such school in the school year beginning in such fiscal year,

[(B) for the fiscal year ending September 30, 1979, $2,050 for each full-time student enrolled in such school in the school year beginning in such fiscal year, and

[(C) for the fiscal year ending September 30, 1980, $2,100 for each full-time student enrolled in such school in the school year beginning in such fiscal year.

[(2)(A) Each school of public health shall receive for the fiscal year ending September 30, 1978, and for each of the next two fiscal years an amount equal to the product of—

[(i) $1,400, and

[(ii) the sum of (I) the number of full-time students enrolled in such school in the school year beginning in such fiscal year, and (II) the number of full-time equivalents of part-time students, determined pursuant to subparagraph (B), for such school for such school year.

[(B) For purposes of subparagraph (A) the number of full-time equivalents of part-time students for a school of public health for any school year is a number equal to—

[(i) the total number of credit hours of instruction in such year for which part-time students of such school, who are pursuing a course of study leading to a graduate degree in public health or an equivalent degree, have enrolled, divided by

[(ii) the greater of (I) the number of credit hours of instruction which a full-time student of such school was required to take in such year, or (II) 9,

rounded to the next highest whole number.

[(3) For the fiscal year ending September 30, 1978, and for each of the next two fiscal years, each school of veterinary medicine shall receive $1,450 for each full-time student enrolled in such school in the school year beginning in such fiscal year.

[(4) For the fiscal year ending September 30, 1978, and for each of the next two fiscal years, each school of optometry shall receive $765 for each full-time student enrolled in such school in the school year beginning in such fiscal year.

[(5) For the fiscal year ending September 30, 1978, and for each of the next two fiscal years, each school of pharmacy (other than a school of pharmacy with a course of study of more than four years) shall receive $695 for each full-time student enrolled in such school in the school year beginning in such fiscal year. Each school of pharmacy with a course of study of more than four years shall receive $695 for each full-time student enrolled in the last four years of such school. For purposes of section 771, a student enrolled in the first year of the last four years of such school shall be considered a first year student.

[(6) For the fiscal year ending September 30, 1978, and for each of the next two fiscal years, each school of podiatry shall receive $965 for each full-time student enrolled in such school in the school year beginning in such fiscal year.

[(b) APPORTIONMENT OF APPROPRIATIONS.—Nothwithstanding subsection (a), if the aggregate of the amounts of the grants to be made in accordance with such subsection for any fiscal year to

schools of either medicine, osteopathy, dentistry, public health, veterinary medicine, optometry, pharmacy, or podiatry with approved applications exceeds the total of the amounts appropriated for such category of schools under the appropriate paragraph of subsection (e) for such grants, the amount of a school's grant with respect to which such excess exists shall for a such fiscal year be an amou which bears the same ratio to the amount determined for the school under subsection (a) as the total of the amounts appropriated for that year under the appropriate paragraph of subsection (e) for grants to schools of the same category as such school bears to the amount required to make grants in accordance with subsection (a) to each of the schools of that category with approved applications.

[(c) ENROLLMENT DETERMINATIONS.—

[(1) For purposes of this section, regulations of the Secretary shall include provisions relating to the determination of the number of students enrolled in a school or in a particular year-class in a school on the basis of estimates, on the basis of the number of students who in an earlier year were enrolled in a school or in a particular year-class, or on such other basis as he deems appropriate for making such determination, and shall include methods of making such determination when a school or a year-class was not in existence in an earlier year at a school.

[(2) For purposes of this section, the term "full-time students" (whether such term is used by itself or in connection with a particular year-class) means students pursuing a full-time course of study leading to a degree of doctor of medicine, doctor of dentistry or an equivalent degree, doctor of osteopathy, bachelor or master of science in pharmacy or an equivalent degree, doctor of optometry or an equivalent degree, doctor of veterinary medicine or an equivalent degree, or doctor of podiatry or an equivalent degree, or to a graduate degree in public health or equivalent degree. In the case of a training program of a school designed to permit the students enrolled in such program to complete, with six years after completing secondary school, the requirements for degree of doctor of medicine, doctor of dentistry or an equivalent degree, or doctor of osteopathy, the term "full-time students" shall only include students enrolled on a full-time basis in the last four years of such program and for purposes of section 771, students enrolled in the first of the last four years of such programs shall be considered as first-year students.

[(d) APPLICATIONS FOR NEW SCHOOLS.—In the case of a new school of medicine, osteopathy, dentistry, public health, veterinary medicine, optometry, pharmacy, or podiatry, which applies for a grant under this section in the fiscal year preceding the fiscal year in which it will admit its first class, the enrollment for purposes of subsection (a) shall be the number of full-time students which the Secretary determines, on the basis of assurances provided by school, will be enrolled in the school, in the fiscal year after the fiscal year in which the grant is made.

[(e) AUTHORIZATIONS OF APPROPRIATIONS.—

[(1) There are authorized to be appropriated $124,182,000 for the fiscal year ending September 30, 1978, $131,683,800 for the fiscal year ending September 30, 1979, and $139,400,100 for the fiscal year ending September 30, 1980, for payments under grants under this section to schools of medicine.

[(2) There are authorized to be appropriated $8,680,000 for the fiscal year ending September 30, 1978, $9,337,750 for the fiscal year ending September 30, 1979, and $10,159,800 for the fiscal year ending September 30, 1980, for payments under grants under this section for schools of osteopathy.

[(3) There are authorized to be appropriated $43,798,000 for the fiscal year ending September 30, 1978, $45,409,550 for the fiscal year ending September 30, 1979, and $46,909,800 for the fiscal year ending September 30, 1980, for payments under grants under this section for schools of dentistry.

[(4) There are authorized to be appropriated $9,739,800 for the fiscal year ending September 30, 1978, $10,462,200 for the fiscal year ending September 30, 1979, $11,060,000 for the fiscal year ending September 30, 1980, $6,500,000 for the fiscal year ending September 30, 1982, $7,000,000 for the fiscal year ending September 30, 1983, and $7,500,000 for the fiscal year ending September 30, 1984, for payments under grants under this section to schools of public health.

[(5) There are authorized to be appropriated $10,219,600 for the fiscal year ending September 30, 1978, $10,548,750 for the fiscal year ending September 30, 1979, and $10,705,350 for the fiscal year ending September 30, 1980, for payments under grants under this section to schools of veterinary medicine.

[(6) There are authorized to be appropriated $3,204,585 for the fiscal year ending September 30, 1978, $3,272,670 for the fiscal year ending September 30, 1979, and $3,366,000 for the fiscal year ending September 30, 1980, for payments under grants under this section to schools of optometry.

[(7) There are authorized to be appropriated $16,989,970 for the fiscal year ending September 30, 1978, $17,110,205 for the fiscal year ending September 30, 1979, and $17,368,050 for the fiscal year ending September 30, 1980, for payments under grants under this section to schools of pharmacy.

[(8) There are authorized to be appropriated $2,267,750 for the fiscal year ending September 30, 1978, $2,270,645 for the fiscal year ending September 30, 1979, and $2,285,120 for the fiscal year ending September 30, 1980, for payments under grants under this section to schools of podiatry.]

*CAPITATION GRANTS FOR SCHOOLS OF PUBLIC HEALTH*

*SEC. 770. (a)(1) The Secretary shall make annual grants to schools of public health for the support of the education programs of such schools. The amount of the annual grant to each such school with an approved application shall be computed for each fiscal year in accordance with paragraphs (2) and (3).*

*(2) Each school of public health shall receive for the fiscal year ending September 30, 1986, and for each of the next two fiscal years, an amount equal to the product of—*

*(A) $1,400, and*

*(B) the sum of (i) the number of full-time students enrolled in degree programs in such school in the school year beginning in such fiscal year, and (ii) the number of full-time equivalents of part-time students enrolled in degree programs in such school, determined pursuant to paragraph (3), for such school for such school year.*

*(3) For purposes of paragraph (2), the number of full-time equivalents of part-time students for a school of public health for any school year is a number equal to—*

*(A) the total number of credit hours of instruction in such year for which part-time students of such school, who are pursuing a course of study leading to a graduate degree in public health or an equivalent degree, have enrolled, divided by*

*(B) the greater of (i) the number of credit hours of instruction which a full-time student of such school was required to take in such year, or (ii) 9, rounded to the next highest whole number.*

*(b) Notwithstanding subsection (a), if the aggregate of the amounts of the grants to be made in accordance with such subsection for any fiscal year to schools of public health with approved applications exceeds the total of the amounts appropriated for such grants for such schools under subsection (e), the amount of a school's grant for such fiscal year shall be an amount which bears the same ratio to the amount determined for the school under subsection (a) as the total of the amounts appropriated for that year under subsection (e) for grants to schools of public health bears to the amount required to make grants in accordance with subsection (a) to each of the schools of public health with approved applications.*

*(c)(1) For purposes of this section, regulations of the Secretary shall include provisions relating to the determination of the number of students enrolled in a school or in a particular year-class in a school on the basis of estimates, on the basis of the number of students who in an earlier year were enrolled in a school or in a particular year-class, or on such other basis as the Secretary deems appropriate for making such determination, and shall include methods of making such determination when a school or a year-class was not in existence in an earlier year at a school.*

*(2) For purposes of this section, the term 'full-time students' (whether such term is used by itself or in connection with a particular year-class) means students pursuing a full-time course of study leading to a graduate degree in public health or equivalent degree.*

*(d) In the case of a new school of public health which applies for a grant under this section in the fiscal year preceding the fiscal year in which it will admit its first class, the enrollment for purposes of subsection (a) shall be the number of full-time students which the Secretary determines, on the basis of assurances provided by the school, will be enrolled in the school, in the fiscal year after the fiscal year in which the grant is made.*

*(e) For payments under this section, there are authorized to be appropriated $5,000,000 for the fiscal year ending September 30, 1986, and for each of the two succeeding fiscal years.*

ELIGIBILITY FOR CAPITATION GRANTS

[SEC. 771. (a) IN GENERAL.—The Secretary shall not make a grant under section 770 to any school in a fiscal year beginning after September 30, 1977, unless the application for the grant contains, or is supported by, assurances satisfactory to the Secretary that—

[(1) the first-year enrollment of full-time students in the school in the school year beginning in the fiscal year in which the grant applied for is to be made will not be less than the first-year enrollment of such students in the school in the preceding school year or in the school year beginning in the fiscal year ending September 30, 1976, whichever is greater; and

[(2) the applicant will expend in carrying out its functions as a school of medicine, osteopathy, dentistry, public health, veterinary medicine, optometry, pharmacy, or podiatry, as the case may be, during the fiscal year for which such grant is sought, an amount of funds (other than funds for construction as determined by the Secretary) from non-Federal sources which is at least as great as the amount of funds expended by such applicant for such purpose (excluding expenditures of a nonrecurring nature) in the fiscal year proceding the fiscal year for which such grant is sought.

[(b)(1) MEDICAL SCHOOLS.—To be eligible for a grant under section 770 each school of medicine shall, in addition to the requirements of subsection (a), meet the applicable requirements of paragraphs (2) and (3).

[(2)(A)(i) Unless, as determined under subparagraph (B), the number of filled first year positions on July 15, 1977, in direct or affiliated medical residency training programs in primary care is at least 35 percent of the number of filled first year positions on that date in all direct or affiliated medical residency training programs, to be eligible for a grant under section 770 for the fiscal year ending September 30, 1978, a school of medicine shall have on July 15, 1978, at least 35 percent of its filled first year positions, as determined under subparagraphs (C) and (D), in its direct or affiliated medical residency training programs in first year positions in such programs in primary care.

[(ii) Unless, as determined under subparagraph (B), the number of filled first year positions on July 15, 1978, in direct or affiliated medical residency traning programs in primary care is at least 40 percent of the number of filled first year positions on that date in all direct or affiliated medical residency training programs, to be eligible for a grant under section 770 for the fiscal year ending September 30, 1979, a school of medicine shall have on July 15, 1979, at least 40 percent of its filled first year positions, as determined under subparagraphs (C) and (D), in its direct or affiliated medical residency training programs in first year positions in such programs in primary care.

[(iii) Unless, as determined under subparagraph (B), the number of filled first year positions on July 15 of any year (beginning with 1979) in direct or affiliated medical residency training programs in primary care is at least 50 percent of the number of filled first year positions on that date in all direct or affiliated medical residency

training programs, to be eligible for a grant under section 770 for the fiscal year ending on September 30 of the following year, a school of medicine shall have on July 15 of such following year at least 50 percent of its filled first positions, as determined under subparagraphs (C) and (D), in its direct or affiliated medical residency training programs in first year positions in such programs in primary care.

[(B) The Secretary shall determine what percent of all the positions filled, as of July 15, 1977, and July 15 of each subsequent year, in all direct or affiliated medical residency training programs are filled positions in such programs in primary care. In determining the number of such positions in primary care on July 15, 1977, or on July 15 of a subsequent year, the Secretary shall deduct from such number a number equal to the number of individuals who were in a first position in any direct or affiliated medical residency training program in primary care as of July 15 of the previous year and who on the date for which the determination is to be made were not in any direct or affiliated medical residency training program in primary care. Each determination under this subparagraph shall, not later than the first December 31 occurring after the date for which the determination is made, be published in the Federal Register and reported in writing to each school of medicine in the States and to the Committee on Interstate and Foreign Commerce of the House of Representatives and to the Committee on Labor and Public Welfare of the Senate.

[(C) In determining if a school of medicine meets an applicable requirement of clause (i), (ii), or (iii) of subparagraph (A) for a fiscal year, the number of filled first year positions in direct or affiliated medical residency training programs of such school in primary care on July 15 in such fiscal year shall be reduced by the number of individuals who were in a first year position in a direct or affiliated medical residency training program of such school in primary care on July 15 in the previous fiscal year and who on July 15 in the fiscal year to which the requirement applies were not in a direct or affiliated medical residency training program of any school in primary care. Each determination, with respect to a school, under this subparagraph shall not later than 45 days after the date on which the determination is made, be reported in writing to such school and to the Committee on Interstate and Foreign Commerce of the House of Representatives and to the Committee on Labor and Public Welfare of the Senate.

[(D) The requirement under subparagraph (A) that a school of medicine have a particular percent of its filled first-year positions in its direct or affiliated medical residency training programs in primary care on a date in order to be eligible for a grant under section 770 shall be waived by the Secretary if he determines that (i) such school has made a good faith effort to comply with such requirement, and (ii) such school has at least 98 percent of such percent of such positions in primary care on such date.

[(E) The Secretary shall not make any grant under section 770 to a school of medicine for any fiscal year if the Secretary, after providing notice and opportunity for a hearing, determines that such school—

[(i) terminated or failed to renew an affiliation with medical residency training program for the purpose of meeting the requirements of this paragraph, and

[(ii) after such a termination or failure to renew, provided support for such medical residency training program (including any interchange of medical residents, students, or faculty between the school and such program, the offering of any faculty position at such school to any individual on the staff of such entity who has any responsibility for such program, or the provision or receipt by such school of any funds for such program).

[(F) For purposes of this paragraph:

[(i) The term "direct or affiliated medical residency training program" means a medical residency training program with which a school of medicine is affiliated or has a similar arrangement (including any arrangement which provides for any interchange of medical residents, students, or faculty between the school and such program, the offering of any faculty position at such school to any individual on the staff of such entity who has any responsibility for such program, or the provision or receipt by such school of any funds for such program), as determined under regulations of the Secretary, or which is primarily conducted in facilities owned by a school of medicine.

[(ii) The term "primary care" means general internal medicine, family medicine, or general pediatrics.

[(iii) The term "medical residency training program" means a program which trains graduates of schools of medicine and schools of osteopathy in a medical specialty and which provides the graduate education required by the appropriate specialty board for certification in such specialty. Such term does not include a residency training program in an osteopathic hospital.

[(3)(A) Except as provided under subparagraph (D), a school of medicine may not receive a grant under section 770 to be made in the fiscal year ending September 30, 1978, unless its application for such grant contains or is supported by assurances satisfactory to the Secretary that such school will increase its enrollment of full-time, third-year students as prescribed by subparagraph (B).

[(B) The enrollment increase referred to in subparagraph (A) is an enrollment increase in a school of medicine—

[(i) which is to occur in school year 1978–1979,

[(ii) in the number of full-time, third-year students over the number of full-time, second-year students who successfully completed the second-year program of such school in the preceding school year and enrolled in the third-year class of such school, and

[(iii) which is not less than 5 per centum of the number of—

[(I) full-time, first-year students enrolled in such school in school year 1977–1978, or

[(II) full-time, third-year students enrolled in such school in school year 1977–1978,

whichever is less.

[(C) In determining the number of full-time, third-year students enrolled in a school in a school year in which an increase is required by subparagraph (B)(i)—

[(i) full-time, third-year students of such school who were not second-year students in such school and—

[(I) who are not citizens of the United States,

[(II) who were previously enrolled in a school of medicine to which the requirement of subparagraph (A) applies,

[(III) who were previously enrolled in a school of medicine to which the requirement of subparagraph (A) does not apply because of subparagraph (D) and for whom a position in the third-year class of such school was available in such school year,

[(IV) who first enrolled after October 12, 1976, in a school of medicine not in a State,

[(V) who were previously enrolled in a school of dentistry or a school of osteopathy, or

[(VI) who were previously enrolled in a school of medicine which is in a State and which is not accredited by the body or bodies approved for such purpose by the Commissioner of Education,

shall not be counted, and

[(ii) full-time, second-year students enrolled in such year who are citizens of the United States and who were first enrolled before October 12, 1976, in a school of medicine not in a State shall be counted as third-year students.

[(D) The Secretary may waive (in whole or in part) the requirement of subparagaph (A) for a school of medicine—

[(i) if the Secretary determines, after receiving the written recommendation of the appropriate accreditation body or bodies (approved for such purpose by the Commissioner of Education) that compliance by such school with such requirement will prevent it from maintaining its accreditation;

[(ii) upon a finding that, because of the inadequate size of the population served by the hospital or clinical facility in which such school conducts its clinical training, an increase in its enrollment of third-year students to meet such requirement will prevent it from providing high quality clinical training for each of its third-year students; or

[(iii) if the Secretary determines that such school has made a good faith effort to meet the requirement of subparagraph (A) but has been unable to meet such requirement solely because there is an insufficient number of students who, under this paragraph, are eligible to be counted in determining if the school has met such requirement.

The requirement of subparagraph (A) does not apply to the application of a school of medicine for a grant under section 770 if in school year 1977–1978 such school had an enrollment of full-time, first-year students which exceeded its enrollment in such school year of full-time, third-year students by at least 25 per centum.

[(E) A school of medicine which did not receive a grant under section 770 because it did not comply with the applicable requirements of this paragraph shall not be eligible to receive a grant under such section to be made in the fiscal year ending September 30, 1979, or in the next fiscal year.

[(c) SCHOOLS OF OSTEOPATHY.—(1) To be eligible for a grant under section 770 for a fiscal year beginning after September 30,

1977, a school of osteopathy shall, in addition to the requirements of subsection (a), submit to the Secretary and have approved by him before the grant applied for is made, a plan to train full-time students in ambulatory care settings, in the school year beginning in the fiscal year for which the grant is made and in each school year thereafter beginning in a fiscal year for which such a grant is made, either in areas geographically remote from the main site of the teaching facilities of the applicant (or any other school of osteopathy which has joined with the applicant in the submission of the plan) or in areas in which medically underserved populations reside.

[(2) More than one applicant may join in the submission of a plan described in paragraph (1). No plan may be approved by the Secretary unless—

[(A) the application for a grant under section 770 of each school which has joined in the submission of the plan contains or is supported by assurances satisfactory to the Secretary that all of the full-time students who will graduate from such school will upon graduation have received at least 6 weeks (at least 3 of which shall be consecutive) of clinical training in an area which is geographically remote from the main site of the training facilities of such school or in which medically underserved populations reside;

[(B) the plan contains a list of the areas where the training under such plan is to be conducted, a detailed description of the type and amount of training to be given in such areas, and provisoin for periodic review by experts in osteopathic education of the desirability of providing training in such areas and of the quality of training rendered in such areas;

[(C) the plan contains a specific program for the appointing, as members of the faculty of the school or schools submitting the plan, of practicing physicians to serve as instructors in the training program in such areas; and

[(D) the plan contains a plan for frequent counseling and consultation between the faculty of the school or schools at the main site of their training facilities and the instructors in the training program in such areas.

[(d) SCHOOLS OF DENTISTRY.—(1) To be eligible for a grant under section 770 for a fiscal year beginning after September 30, 1977, a school of dentistry shall, in addition to the requirements of subsection (a), meet the requirements of paragraph (2) and of paragraph (3) or (4).

[(2) In the case of a school of dentistry which in school year 1976–1977 had at least six filled, first-year positions in dental specialty programs in the school year beginning in the fiscal year ending September 30, 1978, and in each school year thereafter beginning in a fiscal year for which a grant under section 770 is applied for, at least 70 percent of such a school's filled first-year positions in dental specialty programs which are in excess of the number of filled first-year positions in its programs in the school year beginning in the fiscal year ending September 30, 1977, shall be first-year positions in dental specialty programs in general dentistry or periodontics.

[(3) A school of dentistry shall maintain an enrollment of full-time first-year students, for the school year beginning in the fiscal year ending September 30, 1978, and for each school year thereafter beginning in a fiscal year for which a grant under section 770 is applied for, which exceeds the number of full-time first-year students enrolled in such school in the school year beginning in the fiscal year ending September 30, 1976—

[(A) by 10 percent of such number if such number was not more than 100, or

[(B) by 5 percent of such number, or 10 students, whichever is greater, if such number was more than 100.

[(4)(A) A school of dentistry shall submit to the Secretary and have approved by him before the grant applied for is made, a plan to train full-time students in ambulatory care settings, in the school year beginning in the fiscal year for which the grant is made and in each school year thereafter beginning in a fiscal year for which such a grant is made, either in areas geographically remote from the main site of the teaching facilities of the applicant (or any other school of dentistry which has jointed with the applicant in the submission of the plan) or in areas in which medically underserved populations reside.

[(B) More than one applicant may join in the submission of a plan described in subparagraph (A). No plan may be approved by the secretary unless—

[(i) the application for a grant under section 770 of each school which has joined in the submission of the plan contains or is supported by assurances satisfactory to the Secretary that all of the full-time students who will graduate from such school will upon graduation have received at least 6 weeks (in the aggregate) of clinical training in an area which is geographically remote from the main site of the training facilities of such school or in which medically underserved populations reside;

[(ii) the plan contains a list of the areas where the training under such plan is to be conducted, a detailed description of the type and amount of training to be given is such areas, and provision for periodic review by experts in dental education of the desirability of providing training in such areas and of the quality of training rendered in such areas;

[(iii) the plan contains a specific program for the appointing, as members of the faculty of the school or schools submitting the plan, of practicing dentists to serve as instructors in the training program in such areas; and

[(iv) the plan contains a plan for frequent counseling and consultation between the fauclty of the school or schools at the main site of their training facilities and the instructors in the training program in such areas.

[(5) The Secretary may—

[(A) in the case of a school of dentistry which increased its enrollment of full-time first-year students in accordance with paragraph (3), waive (in whole or in part and under such conditions as the Secretary may prescribe) application of the requirement of subsection (a)(1) that it maintain its increased enrollment of such students, and

[(B) in the case of any school of dentistry, waive (in whole or in part) application of the requirement of any paragraph of this subsection.

if the Secretary determines after receiving the written recommendation of the appropriate accreditation body or bodies (approved for such purpose by the Commissioner of Education) that compliance by such school with such requirement will prevent it from maintaining its accreditation.

[(e) SCHOOLS OF PUBLIC HEALTH.—(1) To be eligible for a grant under section 770 for a fiscal year beginning after September 30, 1977, a school of public health shall maintain an enrollment of full-time, first-year students, for the school year beginning in the fiscal year ending September 30, 1978, and for each school year thereafter beginning in a fiscal year for which a grant under section 770 is applied for, which exceeds the number of full-time, first-year students enrolled in such school in the school year beginning in the fiscal year ending September 30, 1976—

[(A) by 5 percent of such number if such number was not more than 100, or

[(B) by 2.5 percent of such number, or 5 students, whichever is greater, if such number was more than 100.

[(2) The Secretary may waive (in whole or in part) application to a school of public health of the requirement of paragraph (1) if the Secretary determines, after receiving the written recommendation of the appropriate accreditation body or bodies (approved for such purpose by the Commissioner of Education) that compliance by such school with such requirement will prevent it from maintaining its accreditation. The requirements of subsection (a)(1) shall not apply to schools of public health.

[(f) SCHOOLS OF VETREINARY MEDICINE.—(1) To be eligible for a grant under section 770 for a fiscal year beginning after September 30, 1977, a school of veterinary medicine shall, in addition to the requirements of subsection (a), meet the requirements of paragraph (2) and paragraph (3) or (4).

[(2) An application of a school of veterinary medicine for a grant under section 770 shall contain or be supported by assurances satisfactory to the Secretary that the clinical training of the school shall emphasize predominantly care to food-producing animals or to fibre-producing animals, or to both types of animals.

[(3) A school of veterinary medicine shall maintain an enrollment of full-time, first-year students, for the school year beginning in the fiscal year ending September 30, 1978, and for each school year thereafter beginning in a fiscal year for which a grant under section 770 is applied for, which exceeds the number of full-time, first-year student enrolled in such school in the school year beginning in the fiscal year ending September 30, 1976—

[(A) by 5 percent of such number if such number was not more than 100, or

[(B) by 2.5 percent of such number, or 5 students, whichever is greater, if such number was more than 100.

[(4) An application of a school of veterinary medicine shall contain or be supported by assurances satisfactory to the Secretary that for the school year beginning in the fiscal year for which a grant is made under section 770 at least 30 percent of the enroll-

ment of full-time, first-year students in such school will be comprised of students who are residents of States in which there are no accredited schools of veterinary medicine.

[(g) SCHOOLS OF OPTOMETRY.—(1) To be eligible for a grant under section 770 for a fiscal year beginning after September 30, 1977, a school of optometry shall, in addition to the requirements of subsection (a), meet the requirement of paragraph (2) or (3).

[(2) A school of optometry shall maintain an enrollment of full-time, first-year students, for the school year beginning in the fiscal year ending September 30, 1978, and for each school year thereafter beginning in a fiscal year for which a grant under section 770 is applied for, which exceeds the number of full-time, first-year students enrolled in such school in the school year beginning in the fiscal year ending September 30, 1976—

[(A) by 5 percent of such number if such number was not more than 100, or

[(B) by 2.5 percent of such number, or 5 students, whichever is greater, if such number was more than 100.

[(3) An application of a school of optometry shall contain or be supported by assurances satisfactory to the Secretary that for the school year beginning in the fiscal year for which a grant is made under section 770 at least 25 percent (or 50 percent if the applicant is a nonprofit private school of optometry) of the first-year enrollment of full-time students in such school will be comprised of students who are residents of States in which there are no accredited schools of optometry.

[(h) SCHOOLS OF PODIATRY.—(1) To be eligible for a grant under section 770 for a fiscal year beginning after September 30, 1977, a school of podiatry shall, in addition to the requirements of subsection (a), meet the requirements of paragraph (2) or (3).

[(2) A school of podiatry shall maintain an enrollment of full-time, first-year students, for the school year beginning in the fiscal year ending September 30, 1978, and for each school year thereafter beginning in a fiscal year for which a grant under section 770 is applied for, which exceeds the number of full-time, first-year students enrolled in such school in the school year beginning in the fiscal year ending September 30, 1976—

[(A) by 5 percent of such number if such number was not more than 100, or

[(B) by 2.5 percent of such number, or 5 students, whichever is greater, if such number was more than 100.

[(3) An application of a school of podiatry shall contain or be supported by assurances satisfactory to the Secretary that for the school year beginning in the fiscal year for which a grant is made under section 770, at least 40 percent of the enrollment of full-time, first-year students in such school will be comprised of students who are residents of States in which there are no accredited schools of podiatry.

[(i) SCHOOLS OF PHARMACY.—To be eligible for a grant under section 770 for a fiscal year beginning after September 30, 1977, a school of pharmacy's application for such a grant shall, in addition to the assurances required by subsection (a), contain or be supported by assurances that each student who is enrolled in the school will before graduation undergo a training program in clinical phar-

macy, which shall include (1) an inpatient and outpatient clerkship experience in a hospital, extended care facility, or other clinical setting; (2) interaction with physicians and other health professionals; (3) training in the counseling of patients with regard to the appropriate use of and reactions to drugs; and (4) training in drug information retrieval and analysis in the context of actual patient problems.]

*SEC. 771. (a)(1) The Secretary shall not make a grant under section 770 to any school of public health in a fiscal year beginning after September 30, 1985, unless the application for the grant contains, or is supported by, assurances satisfactory to the Secretary that—*

*(A) the enrollment of full-time equivalent students enrolled in degree programs in the school in the school year beginning in the fiscal year in which the grant applied for is to be made will not be less than the enrollment of such students in degree programs in the school in the school year beginning in the fiscal year ending September 30, 1983; and*

*(B) the applicant will expend in carrying out its functions as a school of public health during the fiscal year for which such grant is sought, an amount of funds (other than funds for construction as determined by the Secretary) from non-Federal sources which is at least as great as the amount of funds expended by such applicant for such purpose (excluding expenditures of a nonrecurring nature) in the fiscal year preceding the fiscal year for which such grant is sought.*

*(2) For purposes of subsection (a)(1)(A), the number of full-time equivalent students enrolled in a degree program in a school in a school year is equal to the sum calculated under section 770 (a)(2)(B) for that school year.*

*(b) The Secretary may waive (in whole or in part) application to a school of public health of the requirement of subsection (a)(1)(A) if the Secretary determines, after receiving the written recommendation of the appropriate accreditation body or bodies (approved for such purpose by the Commissioner of Education) that compliance by such school with such requirement will prevent it from maintaining its accreditation.*

### [APPLICATIONS FOR CAPITATION, START-UP, SPECIAL PROJECT, AND FINANCIAL DISTRESS GRANTS]

#### *APPLICATIONS FOR CAPITATION GRANTS*

SEC. 772. [295f–5] (a) The Secretary may from time to time set dates (not earlier than in the fiscal year preceding the year for which a grant is sought) by which applications for grants under section 770 for any fiscal year must be filed.

(b) To be eligible for a grant under section 770 [or subsection (a) or (b) of section 788], the applicant must (1) be a public or other nonprofit school of [medicine, osteopathy, dentistry, public health, veterinary medicine, optometry, pharmacy, or podiatry,] *public health,* and (2) be accredited by a recognized body or bodies approved for such purpose by the [Commissioner] *Secretary* of Education, except that the requirement of this clause shall be deemed

to be satisfied if (A) in the case of a school which by reason of no, or an insufficient, period of operation is not, at the time of application for a grant under this part, eligible for such accreditation, the [Commissioner] *Secretary of Education* finds, after consultation with the appropriate accreditation body or bodies, that there is reasonable assurance that the school will meet the accreditation standards of such body or bodies prior to the beginning of the academic year following the normal graduation date of students who are in their first year of instruction at such school during the fiscal year in which the Secretary makes a final determination as to approval of the application, or (B) in the case of any other school, the [Commissioner] *Secretary of Education* finds after such consultation and after consultation with the Secretary that there is reasonable ground to expect that, with the aid of a grant (or grants) under those sections, having regard for the purposes of the grant for which application is made, such school will meet such accreditation standards within a reasonable time.

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## PART F—GRANTS AND CONTRACTS FOR PROGRAMS AND PROJECTS

### PROJECT GRANTS FOR ESTABLISHMENT OF DEPARTMENTS OF FAMILY MEDICINE

SEC. 780. (a) * * *

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*(C) In making grants under subsection (a), the Secretary shall give priority to applicants that demonstrate to the satisfaction of the Secretary a commitment to family medicine in their medical education training programs.*

[(c)] *(d)* There are authorized to be appropriated $10,000,000 for the fiscal year ending September 30, 1978, $15,000,000 for the fiscal year ending September 30, 1979, $20,000,000 for the fiscal year ending September 30, 1980, $10,000,000 for the fiscal year ending September 30, 1982, $10,500,000 for the fiscal year ending September 30, 1983, [and] $11,000,000 for the fiscal year ending September 30, 1984, *$7,500,000 for the fiscal year ending September 30, 1986, $7,500,000 for the fiscal year ending September 30, 1987, and $7,500,000 for the fiscal year ending September 30, 1988* for payments under grants under subsection (a).

### AREA HEALTH EDUCATION CENTERS

SEC. 781. (a)(1) The Secretary shall enter into contracts with schools of medicine and osteopathy for the planning, development, and operation of area health education center programs.

[(2) The Secretary shall enter into contracts with schools of medicine and osteopathy, which have previously received Federal financial assistance for an area health education center program under section 802 of the Health Professionals Educational Assistance Act of 1976 in fiscal year 1979, or under this section to carry out—]

*(2)(A) The Secretary shall enter into contracts with schools of medicine and osteopathy—*

*(i) which have previously received Federal financial assistance for an health education center program under section 802 of the Health Professionals Educational Assistance Act of 1976 in fiscal year 1979 or under paragraph (1), or*

*(ii) which are receiving assistance under paragraph (1),*

*to carry out projects described in subparagraph (B) through area health education centers for which Federal financial assistance was provided under paragraph (1) and which are no longer eligible to receive such assistance.*

*(B) Projects for which assistance may be provided under subparagraph (A) are—*

[A] (*i*) projects to improve the distribution, supply, quality, utilization, and efficiency of health personnel in the health services delivery system;

[B] (*ii*) projects to encourage the regionalization of educational responsibilities of the health professions schools; and

[C] (*iii*) projects designed to prepare, through preceptorships and other programs, individuals subject to a service obligation under the National Health Service Corps scholarship program to effectively provide health services in health manpower shortage areas.

* * * * * * *

(d)(1) Each area health education center shall specifically designate a geographic area in which it will serve, or shall specifically designate a medically underserved population it will serve (such area or population with respect to such center in this section referred to as "the area served by the center"), which area or population is in a location remote from the main site of the teaching facilities of the school or schools which participate in the program with such center.

(2) Each area health education center shall—

* * * * * * *

[(F) encourage the utilization of nurse practitioners and physican assistants within the area served by the center and the recruitment of individuals for training in such professions at the participating medical or osteopathic schools;]

*(F) conduct interdisciplinary training and practice involving physicians and other health personnel including, where practicable, physician assistants and nurse practitioners;*

* * * * * * *

(g) There are authorized to be appropriated to carry out the provisions of this section $20,000,000 for the fiscal year ending September 30, 1978, $30,000,000 for the fiscal year ending September 30, 1979, $40,000,000 for the fiscal year ending September 30, 1980, $21,000,000 for the fiscal year ending September 30, 1982, $22,500,000 for the fiscal year ending September 30, 1983, [and] $24,000,000 for the fiscal year ending September 30, 1984, *$18,000,000 for the fiscal year ending September 30, 1986, $18,000,000 for the fiscal year ending September 30, 1987, and $18,000,000 for the fiscal year ending September 30, 1988.* The Secretary [may] *shall* obligate not more than 10 percent of the amount

appropriated under this subsection for any fiscal year for contracts under subsection (a)(2).

[EDUCATION OF RETURNING UNITED STATES STUDENTS FROM FOREIGN MEDICAL SCHOOLS

[SEC. 782. (a) The Secretary may make grants to schools of medicine and osteopathy in the States to plan, develop, and operate programs—

[(1) to train United States citizens who were students in medical schools in foreign countries before the date of enactment of the Health Professions Educational Assistance Act of 1976 to enable them to meet the requirements for enrolling in schools of medicine or osteopathy in the States as full-time students with advanced standing; or

[(2) to train United States citizens who have transferred from medical schools in foreign countries in which they were enrolled before the date of enactment of the Health Professions Educational Assistance Act of 1976, and who have enrolled in schools of medicine or osteopathy in the States as full-time students with advanced standing.

The costs for which a grant under this subsection may be made may include the costs of identifying deficiencies in the medical school education of the United States citizens who were students in foreign medical schools, the development of materials and methodology for correcting such deficiencies, and specialized training designed to prepare such United States citizens for enrollment in schools of medicine or osteopathy in the States as full-time students with advanced standing.

[(b) More than one school of medicine or osteopathy may join in the submission of an application for a grant under subsection (a).

[(c) Any school of medicine of osteopathy which receives a grant under this subsection in the fiscal year ending September 30, 1978, shall submit to the Secretary before June 30, 1979, a report on the deficiencies (if any) identified by the school in the foreign medical education of the students trained by such school under the program for which such grant was made. The Secretary shall compile the reports submitted under the preceding sentence, and before March 1, 1980, submit to the Congress his analysis and evaluation of the information contained in such reports.

[(d) There are authorized to be appropriated for the purposes of this section $2,000,000 for the fiscal year ending September 30, 1977, $2,000,000 for the fiscal year ending September 30, 1978, $3,000,000 for the fiscal year ending September 30, 1979, and $4,000,000 for the fiscal year ending September 30, 1980.]

PROGRAMS FOR PHYSICIAN ASSISTANTS

SEC. 783. (a) * * *

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(d) For payments under grants and contracts under this section, there is authorized to be appropriated $25,000,000 for the fiscal year ending September 30, 1978, $30,000,000 for the fiscal year ending September 30, 1979, $35,000,000 for the fiscal year ending

September 30, 1980, $5,000,000 for the fiscal year ending September 30, 1982, $5,500,000 for the fiscal year ending September 30, 1983, [and] $6,000,000 for the fiscal year ending September 30, 1984, *$4,800,000 for the fiscal year ending September 30, 1986, $4,800,000 for the fiscal year ending September 30, 1987, and $4,800,000 for the fiscal year ending September 30, 1988.*

GRANTS FOR TRAINING, TRAINEESHIPS, AND FELLOWSHIPS IN GENERAL INTERNAL MEDICINE AND GENERAL PEDIATRICS

SEC. 784. (a) * * *

*(b) In making grants and entering into contracts under subsection (a), the Secretary shall give priority to applicants that demostrate to the satisfaction of the Secretary a commitment to general internal medicine and general pediatrics in their medical education training programs.*

[(b)] (c) There are authorized to be appropriated to carry out the provisions of this section $10,000,000 for the fiscal year ending September 30, 1977, $15,000,000 for the fiscal year ending September 30, 1978, $20,000,000 for the fiscal year ending September 30, 1979, $25,000,000 for the fiscal year ending September 30, 1980, $17,000,000 for the fiscal year ending September 30, 1982, $18,000,000 for the fiscal year ending September 30, 1983, [and] $20,000,000 for the fiscal year ending September 30, 1984, *$18,500,000 for the fiscal year ending September 30, 1986, $18,500,000 for the fiscal year ending September 30, 1987, and $18,500,000 for the fiscal year ending September 30, 1988.*

[OCCUPATIONAL HEALTH TRAINING AND EDUCATION CENTERS

[SEC. 785. (a)(1) The Secretary shall, by grants, assist public or private nonprofit colleges or universities to establish, opperate, and administer occupational health training and education centers through cooperative arrangements between schools of medicine and schools of public health (or other qualified departments or schools within such colleges or universities which are qualified to participate in carrying out activities set forth in this section).

[(2) To be eligible for a grant under this section, the applicant must demonstrate to the Secretary that it has or will have available full-time faculty members with training and experience in the field of occupational health and support from other faculty members trained in the occupational health sciences and other relevant disciplines and medical and public health specialties and that it will substantially carry out occupational health training and education activities including, but not limited to—

[(A) the establishment and operation of a new graduate training program or, where appropriate, the substantial expansion of an existing graduate training program in the field of occupational health;

[(B) the development of curricula and operation of continuing education for physicians, nurses, industrial hygienists, and other professionals who practice full- or part-time in the field of occupational health in order to upgrade their proficiency in delivering such services;

[(C) the establishment and operation of projects designed to increase admissions to and enrollment in occupational health programs of individuals who by virtue of their background and interests are likely to engage in the delivery of occupational health services;

[(D) the establishment of traineeships for industrial hygiene students;

[(E) the establishment and operation of medical residencies in the field of occupational health at a level of financial support comparable to that provided to individuals undergoing training in medical residencies in other medical specialties;

[(F) the establishment and operation of traineeships in the field of occupational health for medical students, residents, nursing students, nurses, physicians, sanitarians and students and professionals in related fields;

[(G) the establishment and operation of short-term traineeships for continuing education in the field of occupational health for health professionals dealing with problems of occupational health; and

[(H) the appointment of full-time staff for the center, who have training, experience and demonstrated capacity for leadership in the field of occupational health.

[(b) To the extent feasible, the Secretary shall approve, at least 10 such centers and at least one of which shall be located in each region of the Department.

[(c) For the purpose of making grants to carry out this section, there are authorized to be appropriated $5,000,000 for the fiscal year ending September 30, 1977, $5,000,000 for the fiscal year ending September 30, 1978, $8,000,000 for the fiscal year ending September 30, 1979, and $10,000,000 for the fiscal year ending September 30, 1980.]

FAMILY MEDICINE AND GENERAL PRACTICE OF DENTISTRY

SEC. 786. (a) * * *

(b) The Secretary may make grants to any public or nonprofit private school of dentistry or accredited postgraduate dental training institution—

(1) to plan, develop, and operate an approved residency program in the general practice of dentistry or an approved advanced educational program in the general practice of dentistry; and

(2) to provide financial assistance (in the form of traineeships and fellowships) to [residents] *participants* in such a program who are in need of financial assistance and who plan to specialize in the practice of general dentistry.

*(c) In making grants under subsection (a), the Secretary shall give priority to applicants that demonstrate to the satisfaction of the Secretary a commitment to family medicine in their medical education training programs.*

[(c)] *(d)* There are authorized to be appropriated to make grants under this section $45,000,000 for the fiscal year ending September 30, 1978, $45,000,000 for the fiscal year ending September 30,1979, $50,000,000 for the fiscal year ending September 30, 1980,

$32,000,000 for the fiscal year ending September 30, 1982, $34,000,000 for the fiscal year ending September 1983, [and] $36,000,000 for the fiscal year ending September 30, 1984, *$36,000,000 for the fiscal year ending September 30, 1986, $36,000,000 for the fiscal year ending September 30, 1987, and $36,000,000 for the fiscal year ending September 30, 1988.* In making grants and entering into contracts under this section with amounts appropriated under this subsection for the fiscal years ending September 30, 1982, September 30, 1983, [and] September 30, 1984, *September 30, 1986, September 30, 1987, and September 30, 1988,* the Secretary shall give priority to grants and contracts for residency or internship programs under paragraphs (1) and (2) of subsection (a), *and shall obligate no less than 7.5 percent of such amounts in each such fiscal year for grants under subsection (b).*

EDUCATIONAL ASSISTANCE TO INDIVIDUALS FROM DISADVANTAGED BACKGROUNDS

SEC. 787. (a)(1) For the purpose of assisting individuals from disadvantaged backgrounds, as determined in accordance with criteria prescribed by the Secretary, to undertake education to enter into a health profession, The Secretary may make grants to and enter into contracts with schools of medicine, osteopathy, public health, dentistry, veterinary medicine, optometry, pharmacy, allied health, *chiropractic,* and podiatry, *public and nonprofit private schools which offer graduate programs in clinical psychology,* and other public or private nonprofit health or educational entities to assist in meeting the costs described in paragaph (2).

(2) A grant or contract under paragraph (1) may be used by the health or educational entity to meet the cost of—

(A) identifying, recruiting, and selecting individuals form disadvantaged backgrounds, as so determined, for education and training in a health profession,

(B) facilitating the entry of such individual into such a school,

(C) providing counseling or other services designed to assist such individuals to complete successfully their education at such a school,

(D) providing, for a period prior to the entry of such individuals into the regular course of education of such a school, preliminary education designed to assist them to complete successfuly such regular course of education at such a school, or referring such individuals to institutions providing such preliminary education, [and]

(E) publicizing existing sources of financial aid available to students in the education program of such a school or who are undertaking training necessary to qualify them to enroll in such a program[.],*-and*

*(F) paying such stipends as the Secretary may determine for such individuals for any period of health professions education at such a school.*

*The term "regular course of education of such a school" as used in subparagraph (D) includes a graduate program in clinical psychology.*

(b) There are authorized to be appropriated for grants and contracts under subsection (a)(1), $20,000,000 for the fiscal year ending September 30, 1982, $21,500,000 for the fiscal year ending September 30, 1983, [and] $23,000,000 for the fiscal year ending September 30, 1984, *$24,000,000 for the fiscal year ending September 30, 1986, $24,000,000 for the fiscal year ending September 30, 1987, and $24,00,000 for the fiscal year ending September 30, 1988.* Not less than 80 percent of the funds appropriated in any fiscal year shall be obligated for grants or contracts to institutions of higher education and not more than 5 percent of such funds may be obligated for grants and contracts having the primary purpose of informing individuals about the existence and general nature of health careers. *Not less than 25 percent, and not more than 35 percent, of the funds appropriated under this section for any fiscal year shall be obligated for stipends under subsection (a)(2)(F) to individuals of exceptional financial need (as defined by regulations promulgated by the Secretary under section 758).".*

[PROJECT GRANT AUTHORITY FOR START-UP ASSISTANCE, FINANCIAL DISTRESS INTERDISCIPLINARY TRAINING, AND CURRICULUM DEVELOPMENT]

*TWO-YEAR SCHOOLS OF MEDICINE, INTERDISCIPLINARY TRAINING, AND CURRICULUM DEVELOPMENT*

SEC. 788. (a)(1) [The Secretary may make grants to schools which provide the first two years of education leading to the degree of doctor of medicine to assist the schools in accelerating the date they will become schools of medicine.] *The Secretary may make grants to maintain and improve schools which provide the first or last two years of education leading to the degree of doctor of medicine or osteopathy. Grants provided under this paragraph to schools which were in existence on September 30, 1985, may be used for construction and the purchase of equipment.*

[(2) The amount of a grant under paragraph (1) to a school shall be equal to the product of $25,000 and the number of full-time, third-year students which the Secretary estimates will enroll in the school in the school year beginning in the fiscal year in which such grant is made. Estimates by the Secretary under this paragraph of the number of full-time, third-year students to be enrolled in the school may be made on assurances provided by the school.]

[(3)](*2*) To be eligible to apply for a grant under paragraph (1), the applicant must be a public or nonprofit school providing the first *or last* two years of education leading to the degree of doctor of medicine *or osteopathy* and be accredited by *or be operated jointly with a school that is accredited by* a recognized body or bodies approved for such purpose by the Secretary of Education.

[(b) The Secretary may make grants to and enter into contracts with any health profession, allied health profession, or nurse training institution, or any other public or nonprofit private entity for health manpower projects and programs such as—

[(1) speech pathology, audiology, bioanalysis, and medical technology;

[(2) establishing humanism in health care centers;

[(3) biomedical combined educational programs;
[(4) cooperative human behavior and psychiatry in medical and dental education and practice;
[(5) bilingual health clinical training centers;
[(6) curriculum development in schools of dentistry, optometry, pharmacy and podiatry;
[(7) social work in health care;
[(8) health manpower development;
[(9) environmental health education and preventive medicine;
[(10) the special medical problems related to women;
[(11) the development or expansion of regional health professions schools;
[(12) training of citizens of the United States from foreign health professions schools to enable them to enroll in residency programs in the States;
[(13) psychology training programs;
[(14) ethical implications of biomedical research;
[(15) establishment of dietetic residencies;
[(16) regional systems of continuing education;
[(17) computer technology;
[(18) training of professional standards review organization staff;
[(19) training of health professionals in human nutrition and its application to health;
[(20) health manpower development for the Trust Territories and incorporated Trust Territories of the United States;
[(21) training in the diagnosis, treatment, and prevention of the diseases and related medical and behavorial problems of the aged;
[(22) training of health professionals in the diagnosis, treatment, and prevention of diabetes and other severe chronic diseases and their complications;
[(23) dental education, the training of expanded function dental auxiliaries, and dental team practice; and
[(24) training of allied health personnel.]

*(b)(1) The Secretary may make grants to and enter into contracts with any health profession, allied health profession, or nurse training institution, or any other public or nonprofit private entity for projects in areas such as—*

*(A) health promotion and disease prevention;*

*(B) curriculum development and training in health policy and policy analysis, including curriculum development and training in areas such as—*

*(i) the organization, delivery, and financing of health care;*

*(ii) the determinants of health and the role of medicine in health; and*

*(iii) the promotion of economy in health professions teaching, health care practice, and health care systems management;*

*(C) curriculum development in clinical nutrition;*

*(D) the development of initiatives for assuring the competence of health professionals; and*

*(E) curriculum and program development and training in applying the social and behavioral sciences to the study of health and health care delivery issues.*

*(2)(A) Of the amounts available for grants and contracts under this subsection from amounts appropriated under subsection (g)(1), at least 75 percent shall be obligated for grants to and contracts with health professions institutions, allied health institutions, and nurse training institutions.*

*(B) Any application for a grant to institutions described in subparagraph (A) shall be subject to appropriate peer review by peer review groups composed principally of non-Federal experts.*

*(C) The Secretary may not approve or disapprove an application for a grant to an institution described in subparagraph (A) unless the Secretary has consulted with the National Advisory Council on Health Professions Education with respect to such application.*

*(3) Of the amounts available for grants and contracts under this subsection from amounts appropriated under subsection (g)(1), not more than 25 percent shall be obligated for grants to and contracts with public and nonprofit entities which are not health professions institutions, allied health institutions, or nurse training institutions.*

* * * * * * *

[(d) The Secretary may make grants to and enter into contracts with schools of medicine or osteopathy or other appropriate public or nonprofit private entities to assist in meeting the costs of such schools or entities of providing projects to—

[(1) plan, develop, and establish courses, or expand or strengthen instruction in geriatric medicine; and

[(2) establish new affiliations with nursing homes, chronic and acute disease hospitals, ambulatory care centers, and senior centers in order to provide students with clinical training in geriatric medicine.]

*(d)(1) The Secretary may make grants to and enter into contracts with schools of medicine and osteopathy or other appropriate public or nonprofit private entities to assist in meeting the costs of such schools or entities of providing projects to—*

*(A) improve the training of health professionals in geriatrics;*

*(B) develop and disseminate curricula relating to the treatment of the health problems of elderly individuals;*

*C) expand and strengthen instruction in methods of such treatment;*

*(D) support the training and retraining of faculty to provide such instruction;*

*(E) support continuing education of health professionals and allied health professionals who provide such treatment; and*

*(F) establish new affiliations with nursing homes, chronic and acute disease hospitals, ambulatory care centers, and senior centers in order to provide students with clinical training in geriatric medicine.*

*(2)(A) Any application for a grant under this subsection shall be subject to appropriate peer review by peer review groups composed principally of non-federal experts.*

*(B) The Secretary may not approve or disapprove an application for a grant under this subsection unless the Secretary has consulted with the National Advisory Council on Health Professions Education with respect to such application.*

(e) The Secretary may make grants to and enter into contracts with schools of podiatry to assist in meeting the costs to such schools of providing projects to—

(1) recruit students who reside in areas having shortages of podiatric manpower, as determined by the Secretary; and

(2) to operate clinical training programs at public or nonprofit entities located in such areas.

*(f) The Secretary may make grants to schools of veterinary medicine for—*

*(1) the development of curricula for training in the care of animals used in research, the treatment of animals while being used in research, and the development of alternatives to the use of animals in research;*

*(2) the provision of such training; and*

*(3) large animal care and research.".*

[(f)]*(g)* For purposes of this section, there are authorized to be approprited $6,000,000 for the fiscal year ending September 30, 1982; $6,500,000 for the fiscal year ending September 30, 1983; [and] $7,000,000 for the fiscal year ending September 30, 1984; *$8,000,000 for the fiscal year ending September 30, 1986; $8,000,000 for the fiscal year ending September 30, 1987; and $8,000,000 for the fiscal year ending September 30, 1988.*

FINANCIAL DISTRESS GRANTS

[SEC. 788A. (a) The Secretary may make grants to, and enter into contracts with, a school of medicine, osteopathy, dintistry, veterinary medicine, optometry, pharmacy, podiatry, or public health that is in serious financial distress for the purposes of assisting such school to—

[(1)(A) meet the costs of operation if such school's financial status threatens its continued operation; or

[(B) meet applicable accreditation requirements if such school has a special need to be assisted in meeting such requirements; and

[(2) carry out appropriate operational, managerial, and financial reforms.

[(b) Any grant or contract under this section may be made upon such terms and conditions as the Secretary determines to be reasonable and necessary, including requirements that the school agree to—

[(1) disclose any financial information or data necessary to determine the sources or causes of such school's financial distress;

[(2) conduct a comprehensive cost analysis study in cooperation with the Secretary; and

[(3) carry out appropriate operational, managerial, and financial reforms including the securing of increased financial support from non-Federal sources.

[(c) No school may receive a grant under this section if such school has previously received support for three or more years under this section or under section 788(b) (as such section was in effect prior to October 1, 1981).]

ADVANCED FINANCIAL DISTRESS ASSISTANCE

SEC. 788B. (a) The Secretary may enter into a multiyear contract with a school of medicine, osteopathy, dentistry, veterinary medicine, optometry, podiatry, or pharmacy to provide financial assistance to such school to meet incurred or prospective costs of operation if the Secretary determines that payment of such costs is essential to remove the school from serious and long-standing financial instability. To be eligible for a contract under this section, a school must have perviously received financial support under section 788A *(as such section was in effect prior to October 1, 1985)* or under section 788(b) (as such section was in effect prior to October 1, 1981) for a perod or not less than three years.

(b) No school may enter into a contract under this section unless—

(1) the school has submitted to the Secretary a plan providing for the school to achieve financial solvency within [five] *six* years and has agreed to carry out such plan;

(2) such plan includes securing increased financial support from non-Federal sources;

(3) such plan consisting of three experts in the field of financial management who are not directly affiliated with the school or the Federal Government; and

(4) the Secretary determines, after consultation with such panel, that such plan has a reasonable likelihood of achieving success.

* * * * * * *

(f) No school may receive support under this section for more than [five] *six* years. [No contract may be entered into under this section, or continued, in a fiscal year in which the school receives support under section 788A.]

(g) An application for a contract under this section shall contain or be supported by assurances that the applicant will, in carrying out its function as a school of medicine, osteopathy, dentistry, veterinary medicine, optometry, pharmacy, or podiatry, as the case may be, expend during the fiscal year for which such contract is sought, an amount of funds from non-Federal sources (other than funds for construction and any contract under this section) at least as great as the average annual amount of funds from non-Federal sources expended by such applicant in the preceding two years.

(h) For the purpose of entering into contracts to carry out this section [and section 788A], there are authorized to be appropriated $10,000,000 for the fiscal year ending September 30, 1982, and each of the succeeding two fiscal years, *$5,600,000 for the fiscal year ending September 30, 1986, and $5,600,000 for the fiscal year ending September 30, 1987.* [Of the amounts appropriated under the preceding sentence, not more than $2,000,000 shall be available under section 788A.] Funds provided under this section shall

remain available until expended without regard to any fiscal year limitation.

TRAINING IN EMERGENCY MEDICAL SERVICES

[SEC. 789. (a)(1) The Secretary may make grants to and enter into contracts with hospitals having training programs which meet requirements established by the Secretary, schools of medicine, dentistry, osteopathy, and nursing training centers for allied health professions, other appropriate educational entities, and other appropriate public entities (as defined in paragraph (2)) to assist in meeting the cost of training programs in the techniques and methods of providing emergency medical service (including the skills required in connection with the provision of ambulance service), to assist in meeting the cost of training (including the cost of establishing programs for the training) of physicians in emergency medicine, especially training which affords clinical experience in providing medical services in emergency medical services systems receiving assistance under title XII of this Act, and to provide financial assistance (in the form of traineeships and fellowships) to residents who plan to specialize or work in the practice of emergency medicine.

[(2) For the purposes of paragraph (1), the term "other appropriate public entity" means a State, unit of general local government, or any other public entity which—

[(A) has established an emergency medical services system (as defined in section 1201(1)), and

[(B) except with respect to the basic training of emergency medical technicians, has entered into an agreement with an appropriate educational entity for a training program under this section.

[(b) No grant or contract may be made or entered into under this section unless (1) the applicant is a public or nonprofit private entity, and (2) an application therefore has been submitted to, and approved by, the Secretary. Such application shall be in such form, submitted in such manner and contain such information, as the Secretary shall by regulation prescribe.

[(c) The amount of any grant or contract under this section shall be determined by the Secretary. Payments under grants and contracts under this section may be made in advance or by way of reimbursement and at such intervals and on such conditions as the Secretary finds necessary. Grantees and contractees under this section shall make such reports at such intervals and containing such information, as the Secretary may require.

[(d) Contracts may be entered into under this section without regard to sections 3648 and 3709 of the Revised Statutes (31 U.S.C. 529; 41 U.S.C. 5).

[(e) No regulation, guideline, funding priority, or application form shall be established with respect to this section without the full participation in the development of such regulation, guideline, priority, or form, by the administrative unit described in section 1208.

[(f) To the maximum extent practicable, the Secretary shall establish a uniform funding cycle so as to coordinate the submission

and review of applications for grants and contracts under title XII and under this section and to coordinate funding policies among programs carried out under such authorities.

[(g)(1) For the purpose of making payments pursuant to grants and contracts under this section, there are authorized to be appropriated $10,000,000 for the fiscal year ending June 30, 1974, and each of the next five fiscal years.

[(2) Not less than 30 percent of the funds appropriated under paragraph (1) for any fiscal year shall be used in that fiscal year to assist in meeting the cost of training, and of establishment of programs for the training of physicians in emergency medicine.]

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PART G—PROGRAMS FOR PERSONNEL IN HEALTH ADMINISTRATION AND IN ALLIED HEALTH

Subpart I—Public Health Personnel

GRANTS FOR GRADUATE PROGRAMS IN HEALTH ADMINISTRATION

SEC. 791. (a) * * *

* * * * * * *

(c)(1) No grant may be made under subsection (a) unless an application therefor has been submitted to the Secretary before such time as he shall by regulation prescribe and has been approved by the Secretary. Such application shall be in such form, and submitted in such manner, as the Secretary shall by regulation, prescribe.

(2) The Secretary may not approve an application submitted under paragraph (1) unless—

(A) such application contains assurances satisfactory to the Secretary that in the school year (as defined in regulations of the Secretary) beginning in the fiscal year for which the applicant receives a grant under subsection (a) that—

(i) at least 25 individuals will complete the graduate educational programs of the entity for which such application is submitted, *except that in any case in which the number of minority students enrolled in the graduate educational programs of such entity in such school year will exceed an amount equal to 45 percent of the number of all students that will be enrolled in such programs in such school year, such application shall only be required to contain assurances that at least 20 individuals will complete such programs in such school year*; and

* * * * * * *

(d) There are authorized to be appropriated for payments under grants under this section $3,250,000 for the fiscal year ending September 30, 1978, $3,500,000 for the fiscal year ending September 30, 1979, $3,750,000 for the fiscal year ending September 30, 1980, $1,500,000 for the fiscal year ending September 30, 1982, $1,750,000 for the fiscal year ending September 30, 1983, [and] $2,000,000 for the fiscal year ending September 30, 1984, *$1,500,000 for the fiscal year ending September 30, 1986, $1,500,000 for the fiscal year ending*

*September 30, 1987, and $1,500,000 for the fiscal year ending September 30, 1988.*

TRAINEESHIPS FOR STUDENTS IN OTHER GRADUATE PROGRAMS

SEC. 791A. (a) * * *

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(c) For payments under grants under subsection (a), there are authorized to be appropriated $2,500,000 for the fiscal year ending September 30, 1978; $2,500,000 for the fiscal year ending September 30, 1979; $2,500,000 for the fiscal year ending September 30, 1980; [and] $500,000 for the fiscal year ending September 30, 1982, and the next two fiscal years; *and $500,000 for the fiscal year ending September 30, 1986, and each of the next two fiscal years.*

PUBLIC HEALTH TRAINEESHIPS

SEC. 792. * * *

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(c) For payments under grants under subsection (a), there are authorized to be appropriated $7,500,000 for the fiscal year ending September 30, 1978; $9,000,000 for the fiscal year ending September 30, 1979; $10,000,000 for the fiscal year ending September 30, 1980 $3,000,000 for the fiscal year ending September 30, 1982; $3,500,000 for the fiscal year ending September 30, 1983; [and] $4,000,000 for the fiscal year ending September 30, 1984; *$3,000,000 for the fiscal year ending September 30, 1986; $3,000,000 for the fiscal year ending September 30, 1987; and $3,000,000 for the fiscal year ending September 30, 1988.*

TRAINING IN PREVENTIVE MEDICINE

SEC. 793. (a) * * *

* * * * * * *

(c) For the purpose of grants under subsection (a), there are authorized to be appropriated $1,000,000 for the fiscal year ending September 30, 1982, and $1,500,000 for the fiscal year ending September 30, 1983 [and] $2,000,000 for the fiscal year ending September 30, 1984, *$1,600,000 for the fiscal year ending September 30, 1986, $1,600,000 for the fiscal year ending September 30, 1987, and $1,600,000 for the fiscal year ending September 30, 1988.*

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## TITLE XXI—MISCELLANEOUS

GIFTS

SEC. 2101. (a) * * *

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RECOVERY

[SEC. 2115. If any facility of a community mental health center acquired, remodeled, constructed, or expanded with funds provided

under the Community Mental Health Centers Act is, at any time within twenty years after the completion of such remodeling, construction, or expansion or after the date of its acquisition with such funds—

[(1) sold or transferred to any person or entity (A) which is not qualified to file an application under section 222 of the Community Mental Health Centers Act or (B) which is not approved as a transferee by the State agency of the State in which such facility is located, or its successor; or

[(2) not used by a community mental health center in the provision of comprehensive mental health services, and the Secretary has not determined that there is good cause for termination of such use,

the United States shall be entitled to recover from either the transferor or the transferee in the case of a sale or transfer or from the owner in the case of termination of use an amount bearing the same ratio to the then value (as determined by the agreement of the parties or by action brought in the United States district court for the district in which the center is situated) of so much of such facility or center as constituted and approved project or projects, as the amount of the Federal paticipation bore to the acquisition, remodeling, construction, or expansion cost of such project or projects. Such right of recovery shall not constitute a lien upon such facility or center prior to judgment.]

*SEC. 2115. (a) If any facility with respect to which funds have been paid under the Community Mental Health Centers Act (as such Act was in effect prior to October 1, 1981) is, at any time within twenty years after the completion of remodeling, construction, or expansion or after the date of its acquisition—*

*(1) sold or transferred to any entity (A) which would not have been qualified to file an application under section 222 of such Act (as such section was in effect prior to October 1, 1981) or (B) which is disapproved as a transferee by the State mental health agency or by another entity designated by the chief executive officer of the State, or*

*(2) ceases to be used by a community mental health center in the provision or comprehensive mental health services,*

*the United States shall be entitled to recover from the transferor, or transferee, or owner of the facility, the base amount prescribed by subsection (c)(1) plus the interest (if any) prescribed by subsection (c)(2).*

*(b) The transferor and transferee of a facility that is sold or transferred as described in subsection (a)(1), or the owner of a facility the use of which changes as described in subsection (a)(2), shall provide the Secretary written notice of such sale, transfer, or change not later than 10 days after the date on which such sale, transfer, or cessation of use occurs.*

*(c)(1) The base amount that the United States is entitled to recover under subsection (a) is the amount bearing the same ratio to the then value (as determined by the agreement of the parties or in an action brought in the district court of the United States for the district in which the facility is situated) of so much of the facility as constituted an approved project or projects as the amount of the*

*Federal participation bore to the cost of the remodeling, construction, expansion, or acquisition of the project or projects.*

*(2)(A) The interest that the United States is entitled to recover under subsection (a) is the interest for the period (if any) described in subparagraph (B) at a rate (determined by the Secretary) based on the average of the bond equivalent rates of ninety-one-day Treasury bills auctioned during that period.*

*(B) The period referred to in subparagraph (A) is the period beginning—*

*(i) if notice is provided as prescribed by subsection (b), 191 days after the date on which such sale, transfer, or cessation of use occurs, or*

*(ii) if notice is not provided as prescribed by subsection (b) 11 days after such sale, transfer, or cessation of use occurs,*

*and ending on the date the amount the United States is entitled to recover is collected.*

*(d) The Secretary may waive the recovery rights of the United States under subsection (a) with respect to a facility (under such conditions as the Secretary may establish by regulation) if the Secretary determines that there is good cause for waiving such rights.*

*(e) The right of recovery of the United States under subsection (a) shall not, prior to judgment, constitute a lien on any facility.*

OTHER LAWS AFFECTED BY THIS LEGISLATION

## INTERNAL REVENUE CODE OF 1954

## (Title 26, United States Code)

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## Subtitle F—Procedure and Administration

## CHAPTER 61—INFORMATION AND RETURNS

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### Subchapter B—Miscellaneous Provisions

**§§ 6101-6102.** * * *

**§ 6103. Confidentiality and disclosure of returns and return information**

(a)-(l) * * *

(m) DISCLOSURE OF TAXPAYER IDENTITY INFORMATION.—

(1)-(3) * * *

(4) INDIVIDUALS WHO HAVE DEFAULTED ON STUDENT LOANS *ADMINISTERED BY THE DEPARTMENT OF EDUCATION.*—

(A) IN GENERAL.—Upon written request by the Secretary of Education, the Secretary may disclose the mailing address of any taxpayer who has defaulted on a loan—

(i) made under part B or E of title IV of the Higher Education Act of 1965, or

(ii) made pursuant to section 3(a)(1) of the Migration and Refugee Assistance Act of 1962 to a student at an institution of higher education, for use only by officers, employees, or agents of the Department of Education for purposes of locating such taxpayer for purposes of collecting such loan.

(B) DISCLOSURE TO EDUCATIONAL INSTITUTIONS, ETC.—Any mailing address disclosed under subparagraph (A)(i) may be disclosed by the Secretary of Education to—

(i) any lender, or any State or nonprofit guarantee agency, which is participating under part B of title IV of the Higher Education Act of 1965, or

(ii) any educational institution with which the Secretary of Education has an agreement under part E of title IV of such Act.

for use only by officers, employees, or agents of such lender, guarantee agency, or institution whose duties relate to the collection of student loans for purposes of locating individuals who have defaulted on student loans made under such loan programs for purposes of collecting such loans.

*(5) INDIVIDUALS WHO HAVE DEFAULTED ON STUDENT LOANS ADMINISTERED BY THE DEPARTMENT OF HEALTH AND HUMAN SERVICES.—*

*(A) IN GENERAL.—Upon written request by the Secretary of Health and Human Services, the Secretary may disclose the mailing address of any taxpayer who has defaulted on a loan made under part C of title VII of the Public Health Service Act or under subpart II of part B of title VIII of such Act, for use only by officers, employees, or agents of the Department of Health and Human Services for purposes of locating such taxpayer for purposes of collecting such loan.*

*(B) DISCLOSURE TO SCHOOLS AND ELIGIBLE LENDERS.—Any mailing address disclosed under subparagraph (A) may be disclosed by the Secretary of Health and Human Services to—*

*(i) any school with which the Secretary of Health and Human Services has an agreement under subpart II of part C of title VII of the Public Health Service Act or subpart II of part B of title VIII of such Act, or*

*(ii) any eligible lender (within the meaning of section 737(4) of such Act) participating under subpart I of part C of title VII of such Act,*

*for use only by officers, employees, or agents of such school or eligible lender whose duties relate to the collection of student loans for purposes of locating individuals who have defaulted on student loans made under such subparts for the purposes of collecting such loans.*

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